

Made In B.C. – Volume VIII

A History of Postsecondary Education in British Columbia

Private Career Colleges



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November 2013**

Preface

This may well be the last volume in the *Made in BC* postsecondary history series. I confess I've thought this before, but then a gap in my knowledge would bother me sufficiently that eventually another report would emerge to fill the hole. Increasingly, though, I want to read some theory that might help with interpreting all the changes I have been describing.

I've noted in past volumes that many annual reports have changed from informative management reports to fluffier public relations pieces, and how transitory information on the web may not be archived anywhere, much less in ways that facilitate the tracing of an organization's development. A point I'd like to make this time around concerns tunnel vision.

For students and the public, postsecondary education is a single fabric, composed of credit and non-credit offerings, delivered by not-for-profit and for-profit institutions, ranging from adult basic education through graduate studies. Despite this robust ecology, few observers of the BC postsecondary system write about the interactions across all the sectors, preferring instead to look in depth at only a few components.

Depth is good; I could not have prepared *Made in BC* without the focussed effort and insight of so many previous authors. Nevertheless, I think the time has come for more attention to breadth, to looking across the entire BC postsecondary landscape. Analytical work of course needs to continue, but my sense is that it would be helpful if it were to be complemented by more attention to synthesis.

*Humans are pattern-seeking story-telling animals,
and we are quite adept at telling stories about patterns,
whether they exist or not.*

- Michael Shermer

Other papers in this series on the history of postsecondary education in British Columbia:

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- Faith-Based Institutions (2009)
- Continuing Education in Public Institutions (2010)
- Aboriginal Postsecondary Education (2011)
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Summary

The *Trades School Regulation Act* of 1936 was the first such legislation in Canada, with Ontario and Manitoba enacting similar legislation over the next two years. Concerns about correspondence schools and some career college, but not so much about business schools, prompted this legislation. It was viewed as achieving its goals within a few years, after which the environment stabilized. By the early 1960s, the number of registered institutions had only grown from 70 in 1937 to about 100 a generation later.

Noteworthy changes began in the 1980s, although the regulatory function continued to be housed within the provincial government. The federal government provided some impetus for growth in private career college enrolment by making such institutions eligible for contracts to train unemployed or underemployed clients selected by the federal government. This resulted in the 165 registered schools in 1980 increasing to 500 in 1990/91.

Following adverse publicity about a few problematic institutions, the province moved the regulatory function out of the government bureaucracy in 1992. The legislating creating the Private Post-Secondary Education Commission brought about two significant changes. The first was the registration of all private institutions, not simply those providing career training. The second was a system of voluntary accreditation. Registration came to mean consumer protection in the form of safeguards for students' prepaid tuition, rather than a quality assurance mechanism.

In 1997, the provincial government said that for students at the 1,000 registered institutions to remain eligible for financial aid, their institutions would have to be accredited by the year 2000. Three years later, the federal government made a similar statement with respect to Employment Insurance tuition support. These actions prompted a spike in the number of institutions seeking accreditation.

The Private Post-Secondary Education Commission maintained a lean staff, but it was perceived by some in the industry as bureaucratic and unnecessarily treating the majority of private institutions in the same manner as the problematic ones. The BC government replaced it with the Private Career Training Institutions Agency in 2004.

The new legislation narrowed the regulatory scope to again encompass only career colleges, exempting what was now a large English language training sector. The board of the new agency consisted entirely of representatives of the industry, described by government politicians as fostering a self-regulating industry with less red tape. The board composition was eventually broadened to include limited representation from students and public institutions.

The private career college sector has attracted controversy. Some institutions have been perceived as providing high quality education and as good corporate citizens, while a few have been seen as rogue operators that tarnish the reputation of the entire sector. The circumstances under which students receive government financial aid, and the causes of high default rates, have periodically prompted articles in the popular press. In the past two decades, debate has occurred as to the need for various types of regulation for English as a Second Language schools and the protection of British Columbia's reputation in the international education market.

The sector changes rapidly, as institutions open, close, and merge, and as program mixes shift in rapid response to changes in labour markets, regulatory environments, and contract training funding from government. Since 2006, the number of institutions has declined more rapidly than enrolment or tuition revenue as some consolidations occurred among schools.

Pretest

1. British Columbia has had as many as 1,000 private postsecondary institutions registered with the provincial government in a single year.

True or False?

2. The combined enrolment in regulated private career colleges, i.e. excluding English as a Second Language schools, currently approximates that of the University of British Columbia.

True or False?

3. Some corporations own several private career colleges and ESL schools, seeking to achieve horizontal and vertical integration.

True or False?

Answers

1. *True (see the section about the Private Post-Secondary Education Commission. The number is much smaller today.)*
2. *True, in the order of 50,000 full and part-time students each year.*
3. *True (see the section about Ownership and Corporate Relations)*

Introduction

Most career colleges are small, attracting little public attention other than an awareness that they exist ...unless something goes wrong, in which case they may temporarily generate headlines and then slip back into obscurity. Collectively, though, they touch the lives of tens of thousands of adult British Columbians every year and provide some types of training that are not provided anywhere else.

This paper seeks to make visible a sector of the BC postsecondary system about which little has been written, one where only a handful people have a sense of large scale patterns and developments. It's a fluid sector, one in which institutions come and go, where program emphases shift rapidly, and changes occur on short notice.

Private career colleges also comprise a sector about which people sometimes develop ideological positions, ranging from the assumption that profit-seeking schools by definition deliver inferior educational experiences to a belief that career colleges are exemplary vehicles for providing efficient and responsive technical education. This paper tries to avoid taking a position on such matters, endeavouring instead to simply describe the evolution of the sector and the range of views about it.

Definitions

Private postsecondary institutions do not receive annual operating or capital grants from government, and their legal establishment lies elsewhere than in the legislation for public institutions. They may, however, participate in time-limited contracts from government to deliver specific programs. Furthermore, their students may be eligible for taxpayer supported financial aid. They may be either profit seeking or not-for-profit entities.

This paper examines private organizations whose main function was to provide education for adults; training branches of other types of organizations are beyond its scope. The organizations must have had an ongoing presence in British Columbia. For face-to-face delivery, students came to a permanent campus for their education (in contrast to trainers who travel temporarily to where the students are located.) For correspondence or distance education delivery, the institution must have had to register or be licenced in some way to operate in BC. The organizations are typically for-profit enterprises.

What defines a "career" college is less clear-cut. The current *Private Career Training Institutions Act* starts with a general, inclusive definition of career training as "training or instruction in the skill and knowledge required for employment in an occupations defined in the regulations" (and which exceeds a certain duration and cost to students.) It then goes on to exclude activities in K – 12 schools, public institutions, federally established institutions, and so on. A private career college thus becomes something of a definitional residual, whatever is not specifically excluded.

In everyday parlance, career training usually refers to programs of three months to two years in duration that prepare students for a first job in a particular occupation. It is delivered in classrooms, workshops and other formal educational spaces rather than on the job. It typically does not seek to provide graduates with a pathway to additional or more advanced education.

During the period from 1992 to 2003 when the Private Post-Secondary Education Commission was in operation, it did not matter whether the institution provided career training or not, as all private institutions came under the Commission's purview.

This document uses an elastic definition of “career colleges,” namely those institutions that, for whatever reason, have been required by provincial legislation to register with a central government body by way of consumer protection for students. The way this definition has changed over time is part of the story presented below.

College, institution, school and organization are terms that are used interchangeably in this paper.

Sources

The skeleton of this document was derived from annual reports from the Ministry of Labour and from the Ministry of Advanced Education (in all its various incarnations and names), the defunct Private Post-Secondary Education Commission, and the current Private Career Training Institutions Agency. For the first 50 years of this narrative, I drew almost exclusively from these reports, so even echoes of their phraseology can be found in this document.

Next I fleshed out the skeleton through extensive web and newspaper searches. Other than a 2005 thesis by Gregory Culos¹ that focused on the 1990s, little that is publicly available proved to have been written about this sector as a whole. I concluded my research with some Hansard searches of parliamentary debates and some personal interviews.

Because the sources have been so fragmentary, it would have been tediously pedantic to cite them all. Instead, the sidebars collectively provide a good indication of the sources from which I have drawn.

Growth in the 1980s

A private vocational training sector grew rapidly in the 1980s. This sizable private training sector had been encouraged by Federal Government policy for a “free market” in federal training programmes. This development was supported by the provincial government, which probably saw competition from the private sector as having an effect on controlling increasing unit costs in the colleges and institutes.

*- John Dennison and Hans Schuetze
Canadian Journal of Higher Education, No. 3, 2004*

¹ Culos, G. (2005). A Crucible and a Catalyst: Private Post-Secondary Education Policy in British Columbia. University of British Columbia: MA Thesis.

Chronology

Direct Provincial Government Oversight (1937 - 1991)

For over half a century, the regulation of private career colleges was performed directly by the provincial government, first by the Department (later Ministry) of Labour and then by the Ministry of Advanced Education and Job Training from 1986 to 1991. Two agencies created by the provincial government have provided oversight since then.

The *Trade School Regulation Act* of 1936 had the objective, in the words of the Ministry of Labour's annual report, "the protection of the public and particularly the young people of the Province by correcting abuses and eliminating unfair practices in the operation of trade-schools." Coming into force in January 1937, the legislation covered private business schools, trades schools and correspondence schools. Most institutions complied with the requirement to register within 30 days and close to 70 schools registered that first year, a number that remained relatively constant for the next two decades despite annual fluctuations. A staff of three administered the Trade Schools Regulation Branch for much of that period, reporting that the quality of trades schools and correspondence schools was initially less consistent than that of business schools.

Abuses Giving Rise to Regulation

Trade schools...required a great deal more attention [than business schools] ...notably in the cases of barbering and hairdressing schools, as it had become common practice to use their schools more or less as shops operated by student-labour in competition with the legitimate shops paying their employees the minimum wage.

By far the greatest problem...occurs in connection with some correspondence and home-study schools...[that] prostitute the name and objects of the legitimate educational organization. Misrepresentation, excess charges for out-of-date instruction, unfair contracts...and false promises of many descriptions have been uncovered.

- BC Ministry of Labour Annual Report, 1936

Among the 69 registered institutions in 1937 were four Canadian correspondence schools and 11 American ones. (Four additional institutions had been refused registration and eight more voluntarily withdrew their registration request.) By 1938, the Ministry reported that stringent regulation had largely eliminated complaints from the public about correspondence schools. It also said that the Act had received "whole-hearted support" from the general public and noted that as a result, similar legislation had been enacted in Ontario and Manitoba and was under consideration in other provinces. Occupations for which instruction was being provided in registered schools included such fields as accountancy, architecture, chemistry, dressmaking, kindergarten work, mining, salesmanship, short-story writing and welding.

World War II brought some changes to the fledgling regulatory environment. Starting in 1940, a number of new schools had registered in connection with the war effort, e.g. welding for ship and airplane construction, while some other schools disappeared. In 1942, the *Trade School Regulation Act* was amended to extend its coverage to the teaching of any occupation, with the provincial cabinet being given the authority to exempt any school or course of study. Along with more stringent regulation of advertising, the Minister could determine the qualifications required for instructors.

In the twenty years following the end of World War II, Ministry of Labour annual reports provided little information beyond a listing of the registered institutions, reflecting what the 1951 annual report described as a stable environment, "...the number of complaints dealt with during the year was small and of a minor nature. The administrative officers held meetings from time to time during the year with a view to establishing harmonious relations with the trade schools."

By 1963, the beginning of the major expansion of the public postsecondary education system in British Columbia, the number of registered career colleges had reached 100. Eight to 15 of the registrations each year were new schools, and the number of annual discontinuations typically ranged between 4 and 12. Most schools were visited annually by Ministry staff and in 1966, for the first time, schools were visited twice. Of the 105 schools registered in 1967, 12 had addresses in other provinces (sometimes Canadian divisions of American schools) and another 14 had American addresses.

The trades school section of the new *Apprenticeship and Training Development Act* of 1977 allowed regulations to be made by the Minister of Labour, rather than requiring cabinet approval. The intent was reported as to provide quicker, more responsive regulation in light of changing conditions. Special regulations were in effect by 1979 for correspondence, hair and cosmetology schools.

Rising Awareness of Consumer Protection

...the general public has become increasingly aware of the fact that the Government requires the registration of correspondence and practical courses offered in the Province. The number of inquiries regarding schools and courses and the volumes of correspondence in this connection has become large. The Better Business Bureau has done much to inform inquirers about the function of our administration, and a great many persons have been referred to the office for information...it should be reported that very few complaints were received...

- BC Ministry of Labour Annual Report, 1958

The first enrolment reports emerged in 1978, showing over 19,000 students. The figure grew to 23,000 in 1979, 24,000 in 1980, 25,000 in 1981, and 35,000 in 1983/84.

A greater focus on serving the information needs of students and prospective students was evident in the 1980s. In 1980, for example, a Private Trade-Schools Directory was published that included not only the subjects taught at each institution but also the regulations governing the institutions. In 1981, some financial assistance for students was introduced, with about 325 students receiving grants of up to \$500 each. Over time, increasing numbers of students received declining grants – 850 grants were provided in 1984/85, averaging \$112 per grant.

Ministry of Labour officials met in 1981, as they had on several other occasions since 1975, with counterparts from other provinces who regulated private career colleges. The agenda concerned the possibility of standardized legislation and the portability of credentials. This was seen not only as benefitting students but was now being openly described in the Ministry of Labour annual report as enhancing the private vocational system as a "viable complement" to the public system – a significant policy direction, although not presented as policy at that point. The stage was being set for the subsequent expansion of the private career college sector.

By 1984/85, the emerging policy direction was explicitly described in the Ministry of Labour annual report:

"Increasingly, those private training institutions that adhere to high instructional standards will attract students from all parts of the province. The *National Training Act* endorses the purchase of seats [contracts from government to train students selected by government] in a private training facility if the standards and costs are competitive with those in public institutions. A further expansion in the number of private training institutions is foreseen. More and more, students are finding individualized instruction a major attraction in a private training institution."

One interpretation of the policy shift concerns the federal government, a significant influence on BC's postsecondary system through grants and contracts, even though it lacks constitutional authority over education. In the early 1980s, the federal government was looking for cheaper forms of postsecondary education, and ones with more frequent intakes, for the unemployed workers that it was seeking to retrain or upgrade under its labour market and economic development mandates. Its financial actions helped the number of registered private career institutions in BC to increase dramatically, more than quadrupling in a decade.

Registered Career Colleges under the *Apprenticeship Act*

Year	Registered Institutions (Continuing and New)	Including: New Registrations	Excluding: Discontinued Institutions
1977	102	17	6
1978	120	27	9
1979	137	23	6
1980	165	34	6
1981	192	44	17
1982/83	216	42	18
1983/84	234	40	22
1984/85	252	63	45
1985/86			
1986/87	351	81	27
1987/88	423	84	34
1988/89			
1989/90			
1990/91	500		

Shift from the Ministry of Labour to Advanced Education

The BC government has generally viewed apprenticeship and short-term career training as tools for economic development rather than as meeting the long term educational needs of students. These types of training have only rarely been under the direct purview of the BC ministry responsible for other forms of postsecondary education.

By 1986/87, responsibility for administering the *Apprenticeship Act* shifted from the Ministry of Labour to the Ministry of Advanced Education and Job Training. Advanced Education's understanding of the private training component of the Act was, according to its annual report, "To protect the interests of consumers and to ensure that acceptable courses of instruction are provided, all schools providing employment-related training are required to be registered and bonded in accordance with the *Apprenticeship Act*."

In the late 1980s, the national Canadian Jobs Strategy administered by Human Resources Development Canada led to more funding being directed to private institutions. The federal government saw private institutions as both cheaper and more flexible than public institutions, as well as having good connections with industry. Gregory Culos (2005) described the situation as:

The private sector proved in many ways to be more flexible and cost-effective, and when the federal government shifted to fund private providers, entrepreneurs saw a market and an opportunity. The number of private institutions grew, and the PPSEC was established to serve two purposes: consumer protection, and the assurance that the federal government's money was being allocated to trustworthy institutions.

Job Trac, a BC cross ministry program to help income assistance recipients gain employment, was introduced in 1986/87. Along with federal programs, private trainers were increasingly able to access provincial funding for education in the form of contracts and special programs.

The Ministry's 1987/88 annual report made only brief mention of private career colleges, the following year's said nothing, and the one the year after that did little more than acknowledge that the institutions existed – this at a time when the number of institutions was growing dramatically. A perception existed in the 1990s that the Ministry's private training institutions branch, in the words of Gregory Culos, “did not have regulatory powers, and its responsibility was to provide the means for schools to register; even in this, however, it did not have the resources to pursue its mandate and records did not accurately reflect the number of schools.”

The 1990/91 annual report noted the March 1991 announcement that a new Private Post-Secondary Education Commission (PPSEC) was to become operational in 1992. No explanation of this announcement was provided, other than to say that mandatory registration would be accompanied by voluntary accreditation. The announcement did, however, follow adverse publicity about some problematic colleges. The five years preceding the formation of PPSEC were arguably the least transparent and accountable period for private career colleges (although the majority was at least registered in contrast to the subsequent situation for English language training schools.)

Shifting Meaning of “Registration”

The original registration of institutions by government ministries was more substantial than simply financial safeguards for students that occurred under the auspices of agencies since 1993. The former meaning of compulsory registration came closer in terms of educational standards to what was subsequently described as accreditation, a voluntary process.

In 1980, for example, registration allowed government to prescribe teacher qualifications, supervise course content, regulate advertising and assess the suitability of premises. Registration essentially meant assurance that government standards had been met. In the 1990s, in contrast, registration came to mean only security that prepaid tuition fees would not be lost or refunds delayed if a school closed. Accreditation, which not all institutions sought, has been the vehicle for quality assurance since 1991.

Oversight by Agencies

Private Post-Secondary Education Commission (1992 – 2003)

The 1990s were a period of change and expansion in BC private postsecondary education. Not only were enrolments and the number of institutions growing, and program emphases shifting, but all private institutions – no longer only career colleges – were brought under the same regulatory umbrella for a decade.

Following consultation by a task force, the *Private Post-Secondary Education Act* was passed and the first few sections, creating a Private Post-Secondary Education Commission (PPSEC), were proclaimed in April 1991. It was another twelve months, however, before an executive director and staff were hired. The final provisions of the Act were proclaimed in the summer of 1994.

PPSEC's 1992/93 annual report said that the task force had found that industry recognized the need for a global registration body: "The highest priority was consumer protection because of concern for public perception, due to several high profile incidents in the preceding years." The first communications from the Commission about registration generated little feedback from the industry, other than some mild concern that registration fees might increase and questions about the confidentiality of company information.

Along with moving oversight out of a provincial ministry and into an arm's length agency, the legislation brought about two other significant changes. The first was the registration of all private institutions providing instruction in classrooms or elsewhere for individuals age 17 and older, rather than only those providing career training within the scope of the *Apprenticeship Act*. This meant that private academic institutions and English language schools would also have to be registered. PPSEC claimed at the time that no other province had as broad and comprehensive system for administering private post-secondary education as BC.

The second major change was the introduction of voluntary accreditation regarding educational standards and quality. Registration acquired a much more restricted meaning, focusing on consumer protection by ensuring the financial security for students of their prepaid tuition fees. Accreditation was a two-step process for institutions that had been in operation for at least a year: (1) completion by the institution of a self-study to identify how it was meeting various educational and administrative standards, followed by (2) a visit by an accreditation team to validate the self-study. A successful outcome was valid for five years.

An Insider's Comments on PPSEC

From its simplest beginnings, a time when the commission was nothing more than a corner of the desk in my law office, to its present substantial presence...

In large measure I can attest that the Commission has been successful...The Commission registers in the order of one thousand institutions. This number is virtually three times that of any other province and is greater than the combined total of all other provinces put together....

It has become apparent to me over the five years of my term to date that the industry does not speak with one voice....

- *Michael Hutchison, March 1996*
PPSEC Chairman

**Registrations of All Types of Private Institutions
Under the *Private Post-Secondary Education Act***

Year	Registered	Accredited
1993	628	0
1994	806	5
1995	893	35
1996	994	
1997	1,082	35
1998	1,102	46
1999	1,140	
2000	1,122	
2001	1,103	220
2002	1,121	250

The apparent large growth in the number of institutions in the early days of PPSEC is partly illusionary. Branch campuses of a single college were now each registered separately. Also, the Private Institutes Training Board of the Ministry of Advanced Education and Job Training had been perceived as not having previously registered all schools. Thus some of the growth under PPSEC was simply a more complete registration of existing institutions.

The Commission began its work cautiously. Its 1992/93 annual report said that:

Faced with the daunting task of commencing activities on a scale not previously carried out in Canada, the Commission recognized that it should tread slowly as it marked a new path in private educational training at the post-secondary level in Canada.

Once registration was underway, it turned its attention to developing an accreditation system:

... the Commission is taking a cautious approach to minimize the effect of costs on the accreditation decisions of registered institutions.

The cautious approach was reflected in PPSEC's expenditures. The government had committed start-up funds of \$500,000 in each of the two years before PPSEC was to become self-supporting from fees. In the first year, the Commission spent only \$135,000. The following year, as part of government-wide restraint, the grant was cut back to \$350,000. Frugality was an explicit goal of the Commission and it described its staffing profile as lean: an executive director, two registration officers, and two support staff to oversee what was eventually expected to exceed 1,000 registered institutions.

By 1994/95, almost 900 institutions were registered, a number that was reported to be more than in all the rest of the country combined. PPSEC described the process as going smoothly, although it said some institutions were surprised at the higher level of enforcement than in the recent past. (For example, institutions had to list each program they offered, including its length and minimum instructor qualifications.)

The largest fields of studies in terms of the number of programs available in 1994/95 were Business and Computers, followed by Job Entry/Life Skills, then Health Care, Trades & Technology, and Language Schools.

With respect to accreditation, PPSEC felt that it was taking on an ambitious project that, so far as it had been able to determine, was unique in North America. (Whether all American jurisdictions would agree with this perspective is debatable.) It began with a pilot project, with full implementation of the system coming in Fall 1995. Four years later, PPSEC's annual report said that the Commission still did not have an effective system for monitoring accredited institutions (accreditation remained valid for a period of five years.) Hundreds of people eventually came to serve on the accreditation teams conducting external audits of applicant institutions.

In the summer of 1997, the Ministry of Advanced Education, Training and Technology announced that for students at private institutions to remain eligible to receive government financial aid in the forms of loans and grants, their institution would have to be accredited by August 2000. This created a challenge for PPSEC as the number of accredited institutions quadrupled over a three year period. Rather than increase accreditation fees to cover the increased workload, the Ministry of Advanced Education, Training and Technology began providing an annual grant in the order of \$150,000 to help offset costs.

Three years later, in 2000, the federal Human Resources Development Canada said that private institutions had to be accredited by May 2003 for their students to receive Employment Insurance tuition support. PPSEC anticipated this would result in even more institutions seeking accreditation for the first time. The Commission also noted in 2000 that the Asian economy was recovering from a downturn, leading to growth and diversification in BC's ESL sector.

Countering the expansion of the private sector from students at accredited institutions becoming eligible for federal and provincial financial aid was the introduction in BC college and institute collective bargaining of a Provincial Training Accord. The Accord was intended to strengthen the position of public institutions in competing for government contracts to deliver specific types of training.

Financial Security

Also, in a year when the private post-secondary industry has been hard hit by the precipitous withdrawal of several bonding companies from the market, the [PPSEC] staff has made every effort to accommodate institutions whose bonds have been cancelled on short notice.

- PPSEC Annual Report, 2002/03

Closures

Schools that had the highest chance of closure were small and insignificant. They did not hit the radar. From 1992 to 1999, there were sixty closures with claims [for tuition refunds owing.] For the most part, and except for the occasional newsworthy collapses of institutions such as Trend College in 1998 and Pitman Business College in 2003, closures were invisible to the public.... Whenever an institution was forced to submit to failure, others in the sector accommodated the displaced students – in most cases for free. There was a promotional element to this.

*- Gregory Culos
UBC thesis, 2005*

With respect to consumer protection, the posting of security bonds was proving problematic because insurance companies were reluctant to provide them to some institutions. In 1994, the *Private Post-Secondary Education Amendment Act* allowed for the establishment of an industry-funded tuition assurance fund. Insurers for this fund could not be found, however, so PPSEC anticipated that either government would have to indemnify the fund or further amendments of the Act would be required. A regular program of compliance audits began in 1997/98. (PPSEC's first suspension of a registered institution had occurred in 1995.)

Within a couple of years, PPSEC was auditing 275 institutions annually. As a result of these audits and some cases of larger than expected tuition losses when some institutions had closed, the amount of financial securities held by PPSEC increased 80% from 1998 to \$49 million in 2000.

In 2000/2001, PPSEC received 112 formal student complaints. Of the 84 that were within the Commission's scope and which were investigated, 28 decisions were in favour of the student. In the absence of a cost effective appeal mechanism, PPSEC incurred substantial legal costs. It established a

Student Complaint Advisor position early in 2001, only to have it disappear the following year due to the loss of a government grant.

Demise of PPSEC

By 2000/2001, PPSEC was experiencing a variety of pressures. The legislation and regulations under which it operated did not enable it to generate sufficient revenue to cover its full costs. With the support of a review of PPSEC by the Comptroller General, the Commission sought to lengthen the re-registration period beyond twelve months (e.g. every two years, submitting only information about changes in the interim) but this would have required a re-opening of the Act.

Some colleges were complaining about excessive bureaucracy, e.g. the requirement for institutions to submit advertising copy for review prior to its publication. They argued that PPSEC focused on the problem institutions, trapping legitimate colleges in regulations that were developed in response to the practices of the worst institutions. Any aspirations they might have had that PPSEC would provide advocacy and infrastructure support for the sector, rather than a policing function, had not been met.

PPSEC, on the other hand, was seeking more resources for compliance auditing to reduce the opportunity for student loan abuse. Processes were being developed to implement the Tuition Assurance Fund arising from the 2000 amendment of the *Private Post-Secondary Education Act*.

Changing Environment

The public post-secondary system is increasingly "concerned" about private sector competition....The Provincial Training Accord [part of public college and institute collective bargaining] severely restricts private post-secondary access to provincial and federal contract funds....The business community wants less regulation with increased transparency and accountability of regulatory bodies.

*- Environmental Scan,
PPSEC 2001-2004 Performance Plan*

Questioning the Initial Need for a Private Post-Secondary Education Commission

(Opposition MLA, regarding the formation of the Private Post-Secondary Education Commission that moved oversight out of the Ministry of Advanced Education and Job Training)

The issue was raised in this House with Western Media Institute, CompuCollege and Alpha College, and by the way, I am still pursuing cases of students of Alpha College who were basically left out in the cold with that institution. Ministry staff of a different branch have been very responsive in trying to ensure that our international reputation isn't severely damaged by the fiasco at Alpha College.

So those questions have been raised. The minister of the day was asked to be accountable for those operations, because there was a branch to oversee those operations. The government's response is: "Well, we'll jettison that responsibility. We'll set up a commission that will be self-regulating and self-financing. It will be an industry-controlled commission and will not be there for the public interest. It will be there for the industry's interest...."

We haven't been wrong since 1936. All we needed was to make accreditation mandatory, as we're doing the K-12 independent system, and staff the division properly, as the Ministry of Education independent school branch is staffed, so that the job of overseeing education in the private sector is properly done.... It's only this government that has taken a little bit of heat for the shortcomings of a few operators of these institutions. That has embarrassed this government and the previous Minister of Advanced Education to come up with this hare-brained scheme.

*- Barry Jones in Hansard
May 22, 1990*

A new, market-oriented government began its term with a government-wide Core Services Review and an Administrative Justice Review. It was under the auspices of the latter that the Attorney General announced in February 2002 that PPSEC would be replaced by a self-regulating industry board.

Given the intention to replace PPSEC, the Ministry of Advanced Education did not renew board appointments, resulting in the board shrinking from 12 to two members. As this number did not meet quorum, Board meetings for several months were purely informational. Then in September 2002, the Ministry appointed six new board members, most of whom had served on the Minister's Advisory Committee regarding new legislation.

The Ministry also eliminated the \$200,000 grant it had provided PPSEC the previous year (on top of PPSEC's fee-generated revenue of \$1.0 million.) This cutback resulted in the layoffs of three of the Commission's fourteen staff in March 2002.

During this period, the Advanced Education ministry had a Private Institutions and Sector Initiatives Branch, but it is not clear what the role of that branch was relative to PPSEC.

In 2002, 157 of the 1100 registered institutions closed, leading to claims against institutional securities. PPSEC's formal activities were largely curtailed, and re-registration and re-accreditation processes simplified.

Assessment of the PPSEC Era

From the outset, the policy environment was intended to provide mechanisms for consumer protection, growth, and legitimization of the sector. However, evidence suggests that half-measures and ambiguity affected that policy environment in a way that undermined benefits the policies should have otherwise provided. The Private Post-Secondary Education Act helped desensitize a culture characterized by aversion to the privatization of social services. Intentionally or not, the Act introduced competition, revealed that markets in education were viable, and highlighted the economic benefits of commercially driven institutional models.

*- Gregory Culos
UBC thesis, 2005*

Vancouver Sun Newspaper Series on Private Post-Secondary Schools

For the past five years, the Delbrook ESL School in North Vancouver has been teaching English to immigrants, partly with funding from the provincial government. The problem is, the school has never been registered...It is one of an unknown number of unregistered schools that operate throughout the Lower Mainland with no consumer safeguards for students. Some schools didn't know they had to register, others just refuse to do so. The owner of the Delbrook school said she falls into the first category.

...the [PPSEC] commission has only eight employees to monitor 1,100 schools with 150,000 students, and it receives no government funding – its entire \$780,000 budget comes from registration fees paid by schools. Even the Delbrook school – which received funding in '95 and '96 from the BC Ministry of Skills, Training and Labour – went undetected by commission officials until The Vancouver Sun told them about it....The school also advertised openly in public places such as the SeaBus terminal....

The fact that a language school with as many as 22 students at a time could operate unregistered for five years, with government funding, suggests the province is failing to adequately monitor the booming private post-secondary industry. The commission, however, has on occasion shown considerable resolve in its fight against illegal schools.

... [the Delbrook ESL School owner] said her school, located in a Baptist church, is “just done because we want to serve the community. The church asks for no money, so we give the first 10 percent of the tuition to the church to say thank you for your community service.”

- March 24, 1998

As the Sun's Stewart Bell has reported, the number of these institutions has almost quadrupled since 1992, to about 1100. The staff of the government's Private Post-Secondary Education Commission – eight people! – couldn't humanly keep up to such explosive growth, and has no power under present legislation to penalize any wayward operations if it could. Only 40 of the 1100 institutions have accepted voluntary accreditation.

Commission executive director Jim Wright doesn't seem too alarmed. He optimistically predicts that number will rise to 300 by August 2000, when student loans will be made only to those attending accredited schools.

That's far too stately a pace. Some students – many desperate to upgrade skills, recent immigrants, unemployed or otherwise vulnerable – paid bloated tuition fees (plus suspicious “extras”) and arrived only to find unqualified teachers offering just a few hours a week of instruction in ludicrous classrooms. Nine institutions closed doors last year and refused or couldn't return tuition or all of it.

- March 24, 1998

Vancouver Sun Newspaper Series on Private Post-Secondary Schools (continued)

Advanced Education Minister Andrew Petter has announced \$100,000 for the private post-secondary education commission so it can hire four more compliance and registration officers and set up a web page. The announcement follows a series of Vancouver Sun stories earlier this year documenting the difficulties of students at private post-secondary education institutions.

... During the six years the commission has operated, the number of private post-secondary institutions has grown from 300 with 52,000 students to 1100 with close to 190,000 students. [Commission registrar] Witney said some institutions don't accurately calculate the number of students who have signed up and the amount of money they have paid in tuition. As a result, the institutions' security bonds are too low....

The private post-secondary sector is dominated by English-as-a-second-language schools and computer business schools.

- June 5, 1998

Private Career Training Institutions Agency (2004 – Present)

In August 2002, half a year after government had announced that PPSEC would be replaced by a self-regulating industry board, the Private Training Institutions branch of the Ministry of Advanced Education quietly posted a discussion paper on its website entitled, "Proposed Features of the New Private Training Policy Framework." The Canadian Association of University Teachers said in its September 2002 Bulletin 49.7 that the removing of many institutions from any regulatory oversight was done "using the language of deregulation and cutting red tape that are the hallmarks of the BC Liberal government."

Paralleling the formation of PCTIA and the dissolution of PPSEC, the *Degree Authorization Act* of 2002 provided government with a vehicle for it to regulate private academic institutions that would no longer come under the authority of the career college regulator but which aspired to offer baccalaureate programs.

The government press release of October 25, 2004 framed the formation of PCTIA in the context of tuition protection for students:

Students have had to wait up to two years for refunds under the old system of individual institutions providing their own financial security in case they had to close their doors before students had completed their programs, " said [Advanced Education minister] Bond. "The new pooled fund will be accessible quickly and easily while freeing up resources previously devoted to financial security for private career trainers to invest in better programs and more choices for students in BC.

The press release went on to note that institutions beyond the scope of the Act could still voluntarily register with PCTIA so that their students would be covered by the student training completion fund. The new legislation, the *Private Career Training Institutions Act* was passed about one month later, in November 2004.

One of the two main ways in which PCTIA differed from PPSEC was that, as in the past under the *Apprenticeship Act*, only career training institutions fell within its scope. What was now a large English language training sector, discussed below, was no longer regulated. The second change was that the board was now composed entirely of industry representatives, a pattern that paralleled the apprenticeship world where union representation at the regulatory agency, the Industry Training Authority, was removed in favour of the employers of apprentices.

PCTIA's first enrolment report, for 2006, was issued in 2007. (No system for collecting enrolment data had been put in place following the closure of PPSEC. PCTIA submitted two grant proposals to the Ministry of Advanced Education to develop such a system.) Little accurate data from accredited institutions for tracking the employment success of their graduates was yet available. Complicating the collection of enrolment data was the continuous intake model, rather than a semesterized model, used by many institutions. A further complication was that student data consisted of unaudited, self-reports from institutions that concerned enrolments rather than unduplicated individuals – a student registering in more than one program would be counted more than once.

By 2009, PCTIA was noting consolidation in the industry, with several well-established colleges being purchased by larger corporations.

With all the above caveats, 66,500 enrolments were reported during the entire 2006 year. Union offices, private corporations and other agencies receiving third-party contract training dollars were included in these figures. It appeared to PCTIA that programs more than 15 months in duration tended to have higher rates of graduation.

**Registrations of Career Colleges
Under the *Private Career Training Institutions Act***

Year	Registered Institutions	Accredited Institutions	Registrations	Tuition Revenue
2006	528	206	66,500	
2007	472	196		
2008*	456 (401)	193 (184)	62,000	\$261 million
2009*	415 (372)	184 (177)	61,500 (57,000)	\$281 million
2010	356	173	52,000	\$279 million
2011	339	169	51,000	\$274 million
2012	321	159	51,500	\$270 million

*The figures in parentheses are revisions reported by PCTIA in 2012.

From 2006 to 2008, approximately 50 institutions closed annually. Enrolments at accredited institutions accounted for almost 60% of all enrolments, increasing to 75% in 2012.

The government retained a lawyer and former cabinet minister, Geoff Plant, to prepare a planning report about BC postsecondary education. His 2007 report, *Campus 2020 – Thinking Ahead*, recommended an independent review of the *Private Career Training Institutions Act*. In June of 2007, the Minister of Education retained a former BC Institute of Technology president, John Watson, to complete the review, releasing his report in January 2008. *Campus 2020* also recommended that PCTIA's board include some members from outside the private training industry, a recommendation which the PCTIA board endorsed and which government implemented promptly by creating one position for a student and another for a public postsecondary institutions representative. Another recommendation of the PCTIA board to Geoff Plant was that English as Second Language schools be re-regulated, a recommendation that government did not accept.

In October, 2007, the minister of Advanced Education and Labour Market Development directed the PCTIA Board to make a bylaw requiring the preparation on an annual report for submission to the minister and for posting on the PCTIA website. The first annual report, for 2007-08, was submitted in July 2008, three and a half years after the government had announced the creation of PCTIA. More generally, the minister had to direct PCTIA to make more information available to the public about its operations.

In a strategic plan prepared in 2008, PCTIA identified the absence of basic educational standards for registered institutions as problematic. Such standards were introduced later that year as the result of legislative amendments. PCTIA also said in its strategic plan that it was seeking a funding model from

institutions that would reward compliance with regulations and penalize non-compliance. Finally, it was seeking to put a student complaints procedure in place.

Watson Report of 2007 for the BC Government

I am convinced that the majority of private post-secondary institutions do a good job. I believe it is appropriate to celebrate and encourage the people who have built this industry.

This report recommends introducing a more flexible regulatory approach, reducing the financial and administrative burdens on compliant institutions and providing incentives for continuous improvement of the sector.

However, there are concerns about a small number of institutions and this has reflected poorly on the sector as a whole, as well as on BC's international reputation for post-secondary education. I also heard from a broad spectrum of contributors that the current regulatory framework has significant shortcomings, resulting in inadequate protection for students, lack of oversight of a significant part of the industry and the need for educational standards as part of the registration process. I quote from the submission made to me by the PCTIA board:

“...the current regulatory framework is not sufficient to ensure quality and protect British Columbia's reputation for excellent post-secondary education. The Act restricts the Agency's oversight of registered institutions to providing consumer protection, and does not provide the authority for the PCTIA to set educational standards for the 200-plus institutions that are registered with, but not accredited by, the Agency. The Board also expressed the view that the current approach to funding the Agency severely limits its capacity to fulfil its mandate.”

In its 2008/09 annual report, PCTIA complained that its ability to issue tuition refunds to students was still limited to institutional closures. It was refocusing accreditation to put more emphasis on outcomes measures and to simplify the re-accreditation process.

With the passage of time, changes at PCTIA caused it to more closely resemble the PPSEC that it had replaced. For example, one trend was to monitor institutions more closely by collecting more information from them. This involved modernizing PCTIA's data collection technology. Recently, requirements have been introduced for accredited institutions to report on dropout and graduation rates, third party licencing exam results, employer feedback, former student surveys and employment outcomes.

PCTIA said in its 2012/13 annual report that the decrease in the number of institutions reflected not only consolidation but might also reflect rising quality standards in PCTIA's revised bylaws. It also reminded readers that it had subject matter experts on contract, as needed, for the review of new programs and for annual audits. Despite a staff of 21 FTEs, PCTIA faced a backlog in annual site visits to all institutions in 2012, resulting in delays in registrations, accreditations and program approvals.

The decade long trend of acquisitions and consolidations was, in PCTIA's view, slowing by 2012. The three largest institutions each had revenues of about \$25 million, the fourth largest close to \$19 million, and the fifth stood at \$14 million. Thus five institutions collected over one third of all tuition fees.

Currently, regulated institutions contribute between 0.8% and 3.5% of their annual tuition revenue to the Student Training Completion Fund. Accredited institutions are charged the lowest rate of contribution, while those institutions not in good standing or which have been in operation for less than two years are required to pay the highest rate. In 2012/13, the fund paid out \$656,000 as a result of school closures and \$92,000 for student complaints against institutions. (The latter amount was, in theory, recoverable from the affected institutions.)

Government MLAs Regarding the New Private Career Training Institutions Act in 2003

The changes being made and things being recognized are that the private sector actually takes huge pride in doing the job well – and they do do the job well. They do it best when government gets out of the way and allows them to do the job they want to do and they're supposed to do. People will choose, without a lot of safety net from the government, the private operators that offer the best service, that have the best ability to stay in business because they offer quality service. People, without a safety net, will again learn you need to do a little research, and you need to protect yourself a little bit. Government isn't going to help you with all of your decisions and make them very easy.

- Randy Hawes, Hansard, October 9, 2003

The Private Post-Secondary Education Commission was the most bureaucratic and unworkable organization that could have been dreamed up by someone having a nightmare. It cost the Nelson University Centre – a bunch of volunteers - \$750 a year to register their courses. I saw the kinds of forms they were given to fill out. They were 20- and 30-page questionnaires of meaningless questions that, when you saw them, you wondered why anyone would even ask...

She now has a thriving little stone business at Salmo. She exports stone to other provinces and the U.S., but she also teaches stonemasonry. She now has a two-week course in stonemasonry. It's probably the only stonemason's course in North America. She complains, as well, about the regulatory bureaucracy of having to pay money just to be registered – not to be certified, because nobody knows how good or bad a course it is, and they don't try to be. Just to be registered to teach a two-week course in stonemasonry, she has to pay fairly substantial sums of money.

- Blair Suffredline, Hansard, October 9, 2003

Institutions

This section begins with some statistical information about the private training sector by way of context and then describes a few institutions to convey a sense of the diverse character of the sector.

Statistics

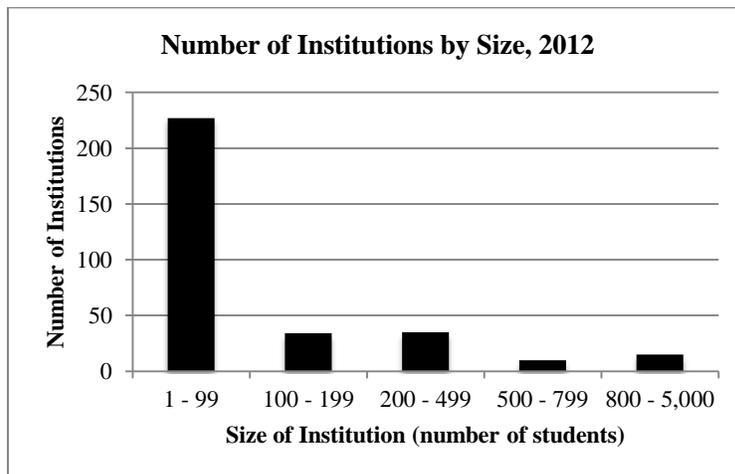
Good quality statistical information about private career colleges has been elusive over the years. Numbers get revised in subsequent years, and even the number of institutions, much less their enrolments, can be hard to pin down. With students able to enrol in more than one program or at more than one institution in a given year, it is hard to know how much double counting occurs. Incentives to fully disclose enrolment may be weak, and audit procedures by the regulatory bodies have also been weak.

The situation has been improving, however, and the general picture painted below is probably solid – even if the details may not be as precise as they appear.

Enrolment

The following data are drawn from PCTIA’s 2012 *Enrolment Report*. Institutions are small, enrolling fewer than 200 students on average. Total enrolment has declined over the past five years, although the graduation rate has risen slightly.

Year	Average Enrolment per Institution	Enrolment at Only Registered Institutions	Enrolment at Accredited Institutions	Total Enrolment	Graduates
2008	148	24,300	37,100	61,400	41,300
2009	152	19,700	37,400	57,100	40,500
2010	147	13,500	38,500	52,000	38,800
2011	151	12,800	38,400	51,200	38,800
2012	162	13,700	38,100	51,800	37,400



**Top Twenty Fields of Study
2012**

Field of Study	Enrolment
General office clerks	2,310
Natural healing	2,080
Nurse aides, orderlies, and patient service	1,990
Estheticians, electrologists, and related	1,940
Health inspectors and occupational safety	1,580
Other instructors	1,570
Graphic design and illustrators	1,570
Early childhood educators and assistants	1,550
Office and administrative clerks	1,310
Recreation and sport leaders	1,300
Food and beverage servers	1,200
Licensed practical nurses	1,190
Community and social service workers	1,190
Actors	1,170
Dieticians and nutritionists	1,100
Other therapy and assessment technicians	1,070
Administrative clerks	900
Hairstylists and barbers	870
Accommodation service managers	760
Meteorological technicians	750
Subtotal	27,400
<i>Total enrolment in all fields</i>	<i>37,400</i>

Personal Education Number

A unique Personal Education Number is assigned to BC children from Kindergarten to Grade 12, and to all students in BC public postsecondary institutions. It allows the tracking of students among institutions for research and statistical analysis. It enables unduplicated counts of students within institutions as well as across institutions.

As the PEN is a key data element for enrolment analysis, some private postsecondary institutions met in 2008 with the BC Council on Admissions and Transfer to discuss implementing PENs in the private sector (both parties saw this action as desirable.) The *School Act* was subsequently amended to expand the scope of PENs to private institutions but the relevant section, 170.3, has not yet been proclaimed into force by the provincial government.

Surveys

National

The following data come from the *Survey of Canadian Career Students: Phase II*, a study sponsored in 2008 by the National Association of Career Colleges, the Canada Millennium Scholarship Foundation, and Human Resources and Social Development Canada. It was conducted by R.A. Malatest & Associates.

Private career college students were typically older (average age of 29), female (72%) and single (75%). One quarter of respondents to the survey were born outside Canada, with 10% being recent immigrants (often with postsecondary education in their home country.) Household incomes were generally low. Approximately three quarters said that their current career college was their preferred institution.

Behind these overall figures, some distinct subpopulations were evident:

- Older males retraining due to health problems or limited employment opportunities
- Older females who had had family responsibilities
- Younger students enrolled in programs not offered at public institutions
- Students of all ages in short duration programs providing job-oriented skills
- Young students who were expected to seek further education at other institutions
- Immigrants whose previous education or qualifications were not recognized in Canada.

National Survey Conclusion

Overall, it appears that the private career colleges system complements the public college system. The private system offers short programs specifically geared towards quick entry to the labour market. Students accessing this system appear to be choosing specific programs that are shorter in duration to obtain marketable labour market skills without significant investment in post-secondary education.

- R.A. Malatest & Associates, 2008

Almost all survey respondents were full-time students, mainly in health (38%) or information technology (24%) programs. (The program mix in private sub-baccalaureate education tends to change rapidly as the labour market changes, so information technology is less common today than in 2008.) Program duration was often seven to twelve months.

Forty percent of respondents had a student loan and 13% were receiving employment insurance or other governmental assistance. Parental contributions (26%) were much less frequent than for public college students (59%). Respondents were not very concerned about their debt, however, because they believed they were likely to find training-related employment soon after graduation.

Satisfaction levels were high:

Satisfaction of National Career College Students 2008

	Satisfied	Very Satisfied	Subtotal
Course content	36%	50%	86%
Skills development	35%	48%	83%
Instruction quality	34%	47%	81%
Job market preparation	33%	42%	75%
Equipment up-to-date	34%	35%	69%

Average tuition costs were highest in the trades and technical programs, although these programs accounted for less than 10% of enrolments and tended to be short. The overall average across all programs was \$14,000. The largest programs, health and information technology, were in the \$13 – 14,000 range.

Provincial

In the autumn of 1996, a pilot survey, the Private Training Outcomes Survey, of graduates and near graduates from a sample of private institutions was funded by Human Resources Development Canada and the BC Ministry of Education, Skills and Training. Students eligible for the survey had completed at least 75% of their program and were surveyed approximately six months after leaving their program. The questionnaire and methodology drew heavily on a similar survey for public institutions, the College and Institute Student Outcomes Survey.

The initial surveying was successful, resulting in an ongoing project, On Track. Surveying was conducted twice a year, although not all institutions participated and the combined results were reported only once a year. With federal and provincial government funding, and participation by the BC Career Colleges Association and the Private Post-Secondary Education Commission, the surveying continued for half a dozen years.

As with the one-time national survey reported above, the findings were positive. In the 2000 survey cycle, 4500 responses were received from 7500 eligible respondents from 150 institutions. International students, as well as students in short duration or very small programs, were excluded. Roughly two-thirds of respondents were female, and the use of employment insurance as a main source of funds had declined over four years from 35% of respondents to 17%.

75 to 80% of respondents said they would choose the same program again, although the percentage who would take the same program at the same institution was a little lower (65 – 70%). 80% reported finding appropriate employment.

Examples of Institutions

BC Outdoor Guide School (Nelson)

The Nelson Daily News ran a story on April 9, 2001 about a small guiding school that was seeking to enrol 12 to 16 students for a nine-month program in outdoor guiding. The catalyst for opening the school was the owner's observation that different courses, such as first aid and guiding, tended to be offered in different locations. His goal was to bring the training to students rather than the other way around. At the end of the program, students would be eligible to write ten exams from licencing bodies such as BC River Raft Guide and the Canadian Ski Alliance Association.

The instructional format was a planning session each Monday morning in preparation for four-day trips outdoors. The owner/instructor would have an assistant who was present each week, along with an itinerant guide who was an expert in the topic of the week.

The school did not survive as envisaged, although the owner remained active in the BC outdoors community.

Pacific Institute of Culinary Arts (Vancouver)

The Pacific Institute of Culinary Arts was founded in 1996, enrolling its first students in 1997. It offers full-time programs, the six-month programs costing \$16,000 today and the yearlong programs, twice that

amount. The chef to student ratio ranges from 1:12 to 1:15. All chefs are European-trained and have at least ten years' experience.

The institute has an onsite restaurant and bakeshop. Most of the instruction is practical, topped up with some theory in the classroom. Enrolment in the early years was about 150 students annually. Today, students enrol from aboard as well as from Canada in each of the four annual intakes. Programs tend to fill half a year in advance and are offered in two shifts each weekday.

An Owner Writes about Regulation in 1998

As an owner/operator of a private school, who invested more the \$1.2 million to open Pacific Institute of Culinary Arts, I find it disturbing to read about so many unethical practices occurring in the private school sector (Some BC private schools prove rip-off for students, March 21).

I, too, have witnessed the total disregard for students in other private schools and the integrity of the courses advertised.

Private schools, most definitely, have a place in today's educational environment and provide students with an alternative to the public system where demand exceeds availability. A bad image created by a few, however, should not be allowed to taint the image of private schools operating programs that deliver what they promise.

I am in full support of the Private Post-Secondary Education Commission and its efforts to improve the credibility of private schools. Both private and public education are much needed to train tomorrow's work force, not only in BC but in all of Canada. Without these educational alternatives, our country would be in serious trouble.

- Sue Singer

Vancouver Sun, March 26, 1998

Canadian Flight Centre

The Canadian Flight Centre opened in 1979 as Canadian IFR Rating. Since then, it has trained 3,000 pilots from over twenty countries. It now offers flight training for private and commercial licences, plus some aerobatic training. The school is based at the Boundary Bay airport in Delta, with a branch in Kamloops that opened in 2012 with two planes.

A private pilot's licence requires 45 hours of ground school and a minimum of 45 hours of flight time. Costs typically range from \$6,000 to \$9,000.

The Vancouver Winter Olympics in 2010 hampered flight training due to additional security requirements such as increased registration regulations, security screenings and aircraft searches.

In 2013, CFC started a partnership with the Surrey school district for a ground school training program. Graduates will receive a high school course credit and credit for the classroom component of a private pilot's licence.

Sprott Shaw College

Sprott Shaw College is one of the oldest and largest private colleges in BC. Robert Sprott partnered with William Shaw of Shaw Colleges to open the Vancouver Business Institute in 1903. Their plans called for four schools in southwestern BC, and in 1909 they opened the Westminster Business School in New Westminster. Four years later, in 1913, Sprott and James Beatty opened Sprott-Shaw College in Victoria.

As well as being a pioneer in commercial radio in BC, Sprott Shaw started one of the province's first flight schools.

In the past fifty years, ownership has changed half a dozen times: in 1964, 1974, 1991, 1996 (sale of Sprott Shaw College of Business in Victoria), 2007 and 2013. The first four sales involved transactions between individual proprietors. The two most recent purchasers have been corporations in the education business.

The college grew significantly following new ownership in 1991 with the opening of campuses across BC and a few in Alberta. Enrolment peaked at 4,500 students at 22 campuses in 2005. Three years later, the number of campuses had shrunk to 17. Today, the college operates in 13 locations.

In 1996, the college changed its name to Sprott Shaw Community College. Then in 2012, it restructured into Sprott Shaw College and Sprott Shaw Degree College (the latter renamed the Ascenda School of Management in 2013.) It began international licencing and franchises in such countries as Jordan, India, Vietnam and China in 2010 (see the section below on the CIBT Education Group.)

In 2008, following the sale to CIBT, Quest University in Squamish (a young private university that had struggled for several years to attract students) retained CIBT for assistance with education management. The plan called for a single president to serve Quest and Sprott Shaw. Students and faculty at Quest vigorously questioned how two institutions with different educational missions and cultures could be associated with each other and the deal collapsed a few months later.

At least three campuses have lost student financial aid eligibility in recent years as a result of loan repayment default rates greater than 28% for four consecutive years. The first campus affected was in Prince George, where the default rate had risen from 22% in 2006 to 61% in 2010. Victoria and Nanaimo were affected the following year.

Campus Closure

The Vernon campus of Sprott-Shaw Community College has decided to close its doors after nine years of serving the community...

Enrolment has been declining for a considerable amount of time. The downtown Vernon campus has about 20 students right now, 270 in total in its nine year history, which means sometimes only two or three in a class...

"We've done our best to accommodate all our staff," he said. As many as possible have been transferred to other campuses. The same goes for the students who have either been transferred to other campuses, with a travel allowance, or have been permitted to stay until they have completed their current course.

The campus won't be officially closed until those courses are done in three to six months. The campus has been running with six to 10 staff working at a time, and offering six to 10 courses in the fields of administrative assistant, health care assistant, business administration, community support worker, social services, medical office assistant and legal secretary...

Sprott-Shaw's campuses in Duncan and Courtney are slated for closure as well.

- Vernon Morning Star newspaper, July 13, 2011

Suki's Hair Academy (Vancouver)

Established in 1978 to train internal staff, Suki's Hair Academy opened its doors to the public in 2005 and has grown to attract international students and instructors. Accredited by PCTIA, instructors are senior staff at Suki's hair salon who upgrade their skills every year and who have taken some teacher training.

The Foundations hairdressing course is 1000 hours long, offered three days a week from 8:30 to 5:00. Graduates are prepared to take the voluntary BeautyCouncil exam. Tuition is \$12,000.

Specialized courses are offered through the advanced academy.

Proprietor of Suki's Academy

Suki Takagi, who celebrates the 40th anniversary of Suki's Hair Salon, changed the face of Vancouver's hairdressing industry and with it, the daily lives of a generation of Vancouver women....

Takagi blew into town in 1972, fresh from Beverly Hills, and changed everything. Today, at 73, Takagi still teaches and represents her salon internationally while her son, Ken, manages the four salons, hair academy and 150 employees.

*- Vancouver Sun newspaper
December 21, 2012*

Vancouver Film School

The Vancouver Film School opened in 1987 with six film students. It has thrived and now has an international reputation, offering 4 to 12 month programs in film, theatre, digital technology, game design and related aspects of the entertainment industry.

An Internet Coup for the Vancouver Film School

But what has David Baker, the centre's executive director, positively beaming is its new electronic address on the Internet – multimedia.edu....having such a generic terms in the centre's address is akin to General Motors having the e-mail address "car."

The enviable address nearly eluded Baker though....But then Baker received an e-mail query for more information about the school's program and a request for an application form. It turned out that a son of one of the Hostmaster officials had searched Europe and the United States for a comparable curriculum, without finding one. The unusual school received its special address.

*- Maclean's magazine
May 29, 1995*

By 2001, it was enrolling about 900 full-time students and over 2,500 part-time students, with 40% of the enrolment coming from abroad. It opened a Mumbai (Bombay) campus that year in the hope of benefitting from India's large movie industry. VFS provided the curriculum and an Indian business conglomerate managed and marketed the school. While the hoped-for expansion to other cities did not materialize, VFS did begin opening international recruitment offices in 2005. Within three years, it had offices in India, Taiwan, Mexico and South Korea.

One reason for international offices was not just to attract and serve prospective students better, but to facilitate direct contact with parents who were concerned about their children pursuing non-traditional careers. (Time zone difficulties were one of the barriers in conversations between Asia and Vancouver.)

An unfortunate court case arose in 2011 after years of litigation regarding responsibility for roughly \$400,000 of government loans arranged in 2001 for people who never attended the school. The school had fired the student loan officer in 2001 on an unrelated matter and, upon discovering possible loan irregularities, had contacted government officials and the police. The issue was whether the school could nevertheless be held liable for repaying the loans, with the courts permitting the case to proceed.

West Coast College of Massage Therapy

Established in 1983, WCCMT was BC's first college of massage therapy. From 1983 to 1998, the Registered Massage Therapy designation required 2500 hours of instruction. This increased to 3000 hours in 1998, with the professional association claiming at that time that BC had the highest standards in North America and was becoming a model for other jurisdictions.

The Registered Massage Therapy program, an occupation whose scope of practice in BC is governed by the 1995 *Health Professions Act*, can be completed in 27 months. Other programs at WCCMT include a Massage Therapy program and a 200-hour Spa Practitioner program.

The New Westminster campus is the largest freestanding massage therapy college in North America. In 2007, the college enrolled 330 students and a further 120 at its Victoria campus. By partnering with the Canadian College of Massage and Hydrotherapy (Canada's first massage school in 1946), instruction is provided in four other cities across Canada.

WCCMT started a naturopathic division in 1988. Three years later, in 2001, the newly formed Boucher Institute of Naturopathic Medicine in New Westminster assumed responsibility for the program.

In 2002, Kwantlen University College (now Kwantlen Polytechnic University) launched a degree completion program for massage therapists. The institutions were unable to sustain this partnership and in 2006 the articulation switched to the Open Learning division of Thompson Rivers University in Kamloops. Registered Massage Therapy students receive about three years of transfer credit towards TRU's Bachelor of Health Science degree.

Characteristics of Private Career Colleges

The reputations of the best schools (e.g. the Vancouver Film School, The Art Institute, Pacific School of the Culinary Arts, and others) stemmed from their ability to satisfy the requirements of industry. Further, though in the past private institution tuitions may have been higher than for similar programs within public colleges, this was no longer the case. This did not mean private schools lowered tuitions in order to compete. Rather public institutes adjusted their own to meet market costs.

Although there were poorly equipped private schools, many institutes had facilities exceeding specific requirements of the training they provided. Further, in most cases, instructors at private institutions were qualified within their fields. In many cases, instructors hired by these institutions were the same individuals within continuing education departments of public institutions. In the experience of the author as an administrator at two private post-secondary institutions, core instructors always met the qualification standards for similar programs within public institutions. Although pay rates were typically ten to thirty percent less than within the public system, instructors were willing and capable to invest themselves to the degree they would within the public system.

Depending on the degree of specialization required by courses in the program (e.g. chefs, 3D animators, and film specialists), instructors were often part-time contractors with obligations that included up to five different institutions, both public and private....At private institutes, turnover of instructors was on average more frequent than within the public system. Capable instructors typically remained in their positions from three to five years before moving on. In this regard, new blood vitalized the community and brought fresh approaches to training.

*- Gregory Culos
UBC thesis, 2005*

Industry Associations

BC Industry Associations

BC Career Colleges Association

Established by 23 member colleges as the Private Career Training Association in 1977, PCTA had grown to more than ninety member institutions across BC by 1993. PCTA said that it supported government regulation of the industry, in particular the establishment of the Private Post-Secondary Education Commission. A few years earlier, around 1990, it had advocated for private school students to become eligible for student loans.

Now named the BCCCA, the association today represents over 40 institutions operating in over 100 locations throughout BC. It advocates for its members to government, informs members about government regulations and assists in placing students when institutions close.

Vancouver Island Private Accredited College Association

In 2012, nine private colleges on Vancouver Island joined together to promote training and career options for graduating high school students.

BC Career Colleges Association

We expect to promote consistency, accountability and excellence in the private post-secondary education and training industry....

We undertake such projects as:

- Representing the interests of our members to government and quasi-government organizations*
- Keeping our members updated on government regulations*
- Representing the private post-secondary sector on Commissions and Committees where, in the past, only public sector representation was invited*
- Assisting in placing students when institutions close without fulfilling contracts*
- Providing opportunities for members to post information about job vacancies, space availabilities, school sales and partnership opportunities.*

- BCCCA website, 2013

National Associations

National Association of Career Colleges

Founded in 1896, the National Association of Career Colleges is the national partner organization for the BC Career Colleges Association. It currently represents about 500 career colleges across the country.

Regulators of Career Colleges of Canada

In 1975 and 1977, the BC government met with counterparts across Canada to attempt to harmonize regulatory legislation for private colleges. The goal was to facilitate the interprovincial operation of colleges. Then in 1978, the meeting acquired a name and the Ministry of Labour's annual report mentioned BC's participation in the national Private Career Education Council. This group evolved, and by 2008 it was known as the Regulators of Career Colleges of Canada – an informal association of provincial government bodies that meets annually to share information.

In recent years, BC has been represented by the Private Career Training Institutions Agency, with BC being the only province with regulatory oversight provided by an independent Crown agency rather than from

within government. PCTIA noted in 2008 that BC had the most registered institutions and the most enrolment in those institutions.

Related Associations

Association of Service Providers for Employability and Career Training

ASPECT is concerned with non-institutional career development opportunities for people who are unemployed or who have barriers to employment. The community-based focus of its 175 members puts it beyond the scope of this report, but it serves some of the same clientele as private career colleges and has at various times liaised with such organizations as the Private Post-Secondary Education Commission. Its origins lie in 1990 when the BC SED (Severely Employment Disadvantaged) Association formed. The name changed to ASPECT in 1995, and the following year the association began brokering provincial contracts in order to provide alternative sources of funding for members following the elimination of federal block funding.

Languages Canada

The Canadian language training industry has been a fragmented one. In 2007, the **Canadian Association of Private Language Schools** and the **Canada Language Council** voted to merge to create a new association that would include all their public, private, English and French accredited language training members. Another association, the **Private English Language Schools Association**, incorporated in 1993, was not part of this merger.

Legal Fund of the National Association of Career Colleges

Membership in NACC is one of the lowest costing for a national association representing such a narrow business sector. That's a fact. This is why when we require more membership support on specific activities, we come to you [members] directly.

And this is one of those cases. NACC created a Legal Fund to help the sector obtain legal opinions in order to equip ourselves with legal arguments in discussions with key officials....

We have never been so close to our objectives. We've never had a government so favourable to our arguments. What's standing between us and achieving our objectives? Legal and bureaucratic arguments. This will help us stop these arguments. And it will benefit you....

This is a crucial initiative. You only need to look at how a legal fund in the United States helped career colleges maintain their benefits.

We need your participation. Participate at a level you feel just and reflective of how you will benefit from the initiatives advanced by our legal fund.

- National Association of Career Colleges website, 2013

Ownership and Corporate Relations

The past decade has seen a number of career colleges acquired by other corporate entities, resulting in some consolidation within the industry. This section illustrates this development by describing four parent companies of private career colleges.

CIBT Education Group

In a January 2008 news release, CIBT described itself as:

...an education management and investment company with a special focus on the global education market...CIBT own and operates a network of 41 business and language colleges with a presence in Canada, China, Vietnam, Jordan and the Philippines. CIBT delivers North American and Chinese accredited business and management degree programs, automotive and diesel maintenance programs, IT programs, and career/vocational programs through its network of campuses across China and Canada.

In July 2012, CIBT reported that *BCBusiness* magazine had ranked it as the 83rd largest public company in the province, with cooperative joint programs in eighteen countries.

CIBT bought Sprott Shaw Community College in January 2008 for \$12 million cash. The intent was to export many of Sprott Shaw's programs to China. In addition, CIBT would be able to add Canada as a destination for its 2 + 2 programs in China, wherein students begin with two years of study in China and then go overseas for the next two years.

CIBT

CIBT, which recently announced plans to add 40 institutions to the dozen it runs in China, is regarded as having an inside track there, according to a report published last year by the Asia Pacific Foundation of Canada and Western Diversification Canada.

"Because CIBT's senior management are mostly overseas Chinese, [it] can make inroads into lesser-known cities where there is little foreign competition," the report said, noting that CIBT started turning a profit last year and is committed to investing millions of dollars in its campuses and operations by 2010.

*- Chronicle of Higher Education
January 11, 2008*

Horizontal Integration

Taking a shopping mall approach, CIBT said it is developing two education super centres in Vancouver. The concept, called Global Education City, will attempt to consolidate public and private educational institutions, as well as a long-stay hotel, at one centralized location. The centre will also have recruitment agencies, travel agencies, immigration consultants and financial institutions.

*- Proactive Investors newsletter
September 3, 2013*

In March 2010, CIBT completed the acquisition of King George International College in Vancouver, a college with reported revenues of \$16 million the previous year from eight campuses and six training centres abroad. King George specialized in English language training and business career programs.

CIBT said at that time that its corporate vision was "to become the largest exporter of Western accredited education to Asia and the largest importer of international students to Canada." It was seeking vertical integration opportunities, with language students moving into Sprott Shaw Community College for career and trade programs and into Sprott Shaw Degree College for baccalaureate programs.

Three years later, as described below, the Loyalist Group acquired King George International College and King George International business College from CIBT, leaving CIBT to concentrate on its other brands, including Sprott-Shaw College, Ascenda School of Management, and the CIBT School of Business China.

Eminata Group

Eminata, which on its website describes itself as providing “market driven education and training,” has attracted some controversy in recent years.

Wikipedia reports that Eminata was incorporated in 1987 as Star Education Systems and that Star Education Centres still serve the K – 12 market. Eminata was founded in Vancouver in 1995 and today operates six “educational brands” in five provinces:

CDI College

Control Data Inc. opened its first college in 1969 in Toronto, with other campuses opening across Canada the following year. It became part of the Eminata Group in 2008.

University Canada West

This private university was established in 2004 in Victoria but soon encountered financial problems. The Victoria campus closed in 2011 and it now operates from a base in Vancouver. Eminata acquired it from LearningWise Education Inc. in 2008.

Vancouver Career College

Vancouver Career College’s origins lie in Careers Inc. in the mid 1990s. It currently offers programs in six BC communities.

Reeves College

Eminata purchased Reeves College, an Alberta institution, in 2003 and opened five additional campuses across Alberta. Reeves began in 1961 in Lloydminster

PCU College of Holistic Medicine

PCU College of Holistic Medicine opened in Burnaby in 2002 and now offers several programs in traditional Chinese medicine. It originally offered programs in association with Vancouver Career College but became a separate entity in 2004.

The Visual College of Art & Design

Originally named the Vancouver College of Art & Design, VCAD began in 2009 as a branch of the 35 year old Victoria College of Art and Design.

In 2009, the Private Career Training Institutions Agency began a court case alleging misleading advertising by Vancouver Career College, CDI College and the then named Vancouver College of Art and Design. The petition was dismissed in 2010. For a period, a lawyer for the Eminata Group served also served as a PCTIA board member. He lost his board position at the same time as he stopped working for Eminata in May 2011.

In 2011, Vancouver Community College, a public institution, launched a case against Vancouver Career College, alleging that the latter was using the former’s registered trademark, VCC, to lure students. Also that year, a former Eminata administrator sued his former employer, alleging misleading information about class sizes, enrolment costs and student loans.

Eminata Links to a California Court Case

Soon, he was running a multimillion-dollar business enterprise that included schools and real-estate. Before it all fell apart, he used to take a limo to work and often travelled to Washington by private jet.

But in the 1990s the State of California took a special interest in [], in particular the vocational school he was running, Wilshire Computer College. His wife, [], was the school's secretary. A class-action lawsuit was launched but [], his assets frozen by a court injunction he admits to signing, says he was unable to pay his lawyer to mount a defence.

In the final judgment, handed down in 1993, it was alleged [] and his companies had committed over 10,000 violations of state business code, including encouraging students to falsify documents so they could obtain federal loans; making misleading statements about employment opportunities; and lying about the school's accreditation.

"Instruction was inadequate, in part, because teachers were not available to teach during the full class time the course was represented to require....," the federal court documents alleged.

[] interprets the events differently and maintains his innocence....He says he lost everything to the state and banks, but says he never had to pay the \$12 million to the students.

*- The Province newspaper
March 12, 2012*

(BC Minister of State for Multiculturalism, Harry Bloy, resigned a few weeks after this newspaper report in response to the forwarding to Eminata of an email the Province newspaper had sent to the Minister of Advanced Education concerning its investigation of Eminata.)

Loyalist Group

Previously an insurance broker, the Loyalist Group was taken over by an Ontario institution, McKinsey International College, in October 2010. It was listed on the Toronto venture stock exchange in January 2011.

The previous August, the superintendent of private career colleges in Ontario had sent McKinsey a restraining order as it was offering unapproved vocational programs and was not registered. With a mission to be the dominant Canadian presence in English language training within five years, the new Loyalist Group acquired four educational institutions in 2011, two in 2012, and two thus far in 2013.

With operations also in Ontario and Nova Scotia, Loyalist's colleges in BC include:

Cornerstone Academic College
Established in 2001 in Toronto and now with a campus in Vancouver.

King George International College
As mentioned elsewhere in this report, Loyalist completed the purchase of KGIC in September 2013. It is Loyalist's largest acquisition to date, costing \$13.5 million.

MTI Community College

Established in 1988, the name was changed in 2003 to MTI Community College. A private career college, it has campuses in six BC communities and was purchased by Loyalist in July 2013 at a cost of around \$8 million.

PGIC and PGIC Career College

Established around 1995, the campuses are located in Vancouver, Victoria, and Toronto. The Loyalist Group acquired PGIC in February 2013.

Pan Pacific College

Established in 1988, now with campuses in Vancouver and Toronto.

Via Training Centre

Established in 2002 in Victoria.

Western Town College and WTC Business College

Established in Vancouver in 1996.

Vertical Integration

[Loyalist] saw the opportunity to consolidate in a fragmented industry where small undercapitalized operators were restricted in their expansion opportunities...These schools operate as independent operators each with their own identities. The opportunity for Loyalist is in the back office. These schools pay up to 40% of the tuition fees to [student recruitment] agents in the form of commission. Economies of scale in this area can produce significant improvements to the bottomline.

*- The Merger Professor
March 27, 2013*

TEC The Education Company

The Education Company’s website explains that it was founded in 2003 “to provide a corporate structure that allowed the consolidation of a group of existing schools and the strategic acquisition of additional schools in key sectors of the private postsecondary market.” The initial funding came from Global Education Management Corporation, established in 2000 with a focus on K -12 education in such locations as India.

TEC began operations in BC, along with activity in the Maritimes, with the acquisition of Stenberg College in Surrey. Offering several programs in allied health, Stenberg had been founded in 1990, but had remained small until TEC expanded it.

Also in 2003, TEC assumed management of the Centre for Arts and Technology Okanagan in Kelowna, acquiring it the following year. CATO offers programs in high tech and recording arts for the entertainment industry. When TEC acquired the struggling computer school, Quantum Training and Technology, in Fredericton New Brunswick, it renamed it the Centre for Arts & Technology Atlantic Canada and imported some CATO programs from BC.

TEC expanded its presence in the health sector in 2005 with the International School of Nursing and Health Studies, an institution that offers programs approved by BC registered, psychiatric, and licensed practical nursing professional bodies. The following year, TEC merged ISNHS with Stenberg College. Stenberg then launched a distributed psychiatric nursing program in multiple locations around BC, consisting of online education with local practicum experiences.

Sidestepping Accreditation

The merger was a step forward of ISNHS programs which were previously “registered” programs as they immediately became “accredited” due to the Stenberg accreditation status.

*- TEC website
August 2013*

Two years later, in 2008, TEC expanded its video conferencing so that IT programs could be jointly offered in Kelowna, Halifax and Fredericton. Instructors broadcast from Vancouver to the remote sites.

Discussion

Blurred Boundaries

The private career college sector is less self-contained and stable than it might appear at first glance. For example, with changes in provincial legislation, the scope of the private career college sector has expanded and contracted. Sometimes English language training is included and sometimes it is not. Likewise, the amount of academic instruction provided in the sector has varied over the decades.

Ever since the first Act in 1936, some of the institutions operating in BC have been branches of organizations from outside the province or country. The growth of international students enrolled in BC, and acquisitions of BC institutions by transnational corporations, are widening and blurring regional service areas.

With some vertical integration of colleges and the ability to offer bachelor's degrees in certain circumstances, even the curricular bounds of the sector can be indistinct.

Credit Transfer

With some exceptions, the ability of students from private career colleges to transfer credits to public institutions, or to gain recognition in other ways of their prior learning, has been limited. However, this may not be so much a result of weak private-public cooperation as simply a reflection of the fields of study; even within the public system, course transfer arrangements are more fully developed in academic subjects than in more vocational ones.

Under the Private Post-Secondary Education Commission in the 1990s, the full range of private institutions, academic as well as career, fell under the same legislation. A BC government strategic plan for public colleges and institutes in 1996, *Charting a New Course*, called for credentials, programs and courses at private institutions to be recognized by public institutions in cases where quality standards had been met. This led to the establishment of the Working Committee on Public-Private Articulation Agreements, co-chaired by the Centre for Curriculum, Transfer & Technology and the Ministry of Education, Skills and Training (postsecondary and K – 12 education came under the same ministry at this time.)

The Working Committee was charged with developing a policy framework and criteria to govern formal arrangements for course and program transfer between public institutions and accredited private institutions. Following its report in December 1997, relatively little changed.

Some private career colleges seem to have expected their accreditation to foster transferability of their courses, but such arrangements beyond academic courses remained scarce. In contrast to its limited pedagogical impact, accreditation was the vehicle by which private institutions accessed public funds for student aid and contract training.

In 2008, the BC Council on Admissions and Transfer decided to begin publishing block transfer agreements to improve transfer opportunities to public institutions for private college students. A year later, few such agreements had been submitted for publication. Puzzled by this low level of response, the Council's investigation indicated that the volume of transfer demand was sufficiently low that other existing transfer mechanisms, including case-by-case assessment, were adequate.

English as a Second Language Schools

English as a Second Language schools have been regulated in BC only during Private Post-Secondary Education Commission era, from 1992 to 2003. Following calls for regulation from such groups as the Private Career Training Institutions Agency and in the Watson report of 2007, some requirements were re-introduced in 2011.

Prior to 1990, regulation of ESL schools was not much of an issue in that there were very few private schools – estimates range from half a dozen to a dozen. They burgeoned in the ensuing decade, however, with Culos (2005) using PPSEC documents to make the following estimates (although there could be some duplication due to branch campuses being counted as separate institutions):

1993	30 schools
1996	80 schools
1999	140 schools
2003	190 schools

With the closure of PPSEC, any attempt to inventory ESL schools ceased (even by industry associations because the industry itself has been fragmented with more than one association and not all institutions belonging to any association.)

Following the election of a new provincial government in 2001, the language school industry complained about cumbersome regulations and the high cost of protecting students' prepaid tuition under PPSEC. The industry was looking for reforms and, according to the Canadian Association of Private Language Schools (a voluntary organization with about three dozen BC schools that had agreed upon common standards), the industry was as surprised as everyone else with the complete deregulation of the sector.

According to the June 2006 issue of BC Business magazine, this deregulation:

...prompted a rise in schools owned by offshore entrepreneurs who exclusively recruited from their home countries to their Burnaby or Surrey basements for monocultural exposure to English, instead of mixed-nationality classes. The result was a subculture of so-called discount schools and "conversation clubs."

News of school failures or other problems spreads rapidly in Asia because of the extensive use of agents to recruit international students. (These middlemen earn commissions, e.g. 20% of the first year tuition, by assisting students to choose and enrol in postsecondary institutions abroad. Despite the dubious ethics of agents in some countries, Canadian institutions nevertheless continue to use agents so as not to be at a competitive disadvantage.) To the extent registered and accredited private career colleges enrol international students – and PCTIA estimated in 2006 that 30% of students in its institutions were international – they also suffer from any damage to the Canadian educational "brand" caused by unregulated ESL schools.

ESL Laissez-Faire

Five years ago, private education was poised for growth that would rival BC's biotech industry, but because of petty industry rivalries, provincial government neglect, aggressive competition from other countries and those occasional shut-downs and scandals, the BC private education industry is losing credibility – and customers. In a report last December, Premier Gordon Campbell's corporate and academic advisers, the BC Progress Board, warned the province must get smart about international education or it will become a dropout in a business destined to become gigantic around the Pacific Rim. The report stressed that the province's "laissez-faire" approach threatens BC's share of the global market for private education.... "As a matter of high priority" it should regulate the private ESL schools with registration and minimum-quality teaching standards, says the premier's Progress Board advisers.

- BC Business, June 2006

The BC Business article concluded:

The picture of a motley, squabbling, government-neglected ESL industry is exactly what overseas students and advisers see when they compare BC to alternative destinations such as Australia, the UK and the US.

Because international students are not eligible to receive BC student financial aid, the main incentive for voluntary accreditation, namely designation of the institution as an approved school for financial aid purposes, does not work for schools that enrol mainly international students.

In November 2009, the BC government unveiled the EQA (Educational Quality Assurance) designation for qualified private and public institutions that choose to pursue it. Administered by the BC Council for International Education, the Ministry of Advanced Education's website states explicitly that the EQA is a trademark and not an accreditation mechanism. Thus the governmental response to perceptions of ESL quality assurance issues in the private sector that might damage the reputation of BC postsecondary education lies somewhere between a marketing ploy regarding consumer protection and the maintenance of educational standards.

Finally, in 2011, an amendment to the *Private Career Training Institutions Act* broadened the definition of career training to include ESL instruction where tuition or duration exceeds a given amount. Such schools are required to administer a PCTIA approved, standardized test at the beginning and the end of the program.

A College that Enrolled International Students

It was all about money. Depending on the country the students came from, they'd be charged different tuition fees. And some of the students had so much money....parents giving girls five or six thousand dollars a month to live on.

It seemed at times that if a kid had a disability or a problem, their parents shipped them overseas to us. So we sometimes had issues with students stealing from their homestay hosts and so on.

Marketing would say that classes were a mixture of white and brown faces, but students would arrive and find it was all Asians. Sometimes older students came because they were trying to settle in Canada.

Instruction was provided by Caucasians. The business side was run by Asians. Guess which group drove the BMWs.

Instructors those days were paid \$25 per hour for five hours a day. They could stay after 3:30 and get more pay for teaching electives. There was no paid vacation or pension. Instructors would teach for a few years, get their experience, and then move on. That's what I did.

I was there when an accreditation occurred. What an event. I was prepped for weeks about what to say about my area.

*- Former instructor, 2013
Reflecting back a decade*

Fluidity

The private career college sector is a constantly shifting, rapidly evolving industry. The number of institutions changes with openings and closures, occasionally in response to suspensions and deregistrations, but often due to enrolment demand or other factors. Colleges are acquired by new owners who sometimes merge them or give them new names.

The industry reacts quickly to changes in the environment, whether shifts in the labour market demand for graduates, changes in regulatory requirements, or different types of funding from government for contract training or student financial aid.

Arguably the most dynamic sector of BC postsecondary education, private career colleges are also the least visible and transparent to the general public.

Student Financial Aid

Government funding, both for contract training at institutions and loans and grants for students to pay tuition fees, affects the revenue and financial viability of a number of private career colleges. Because of loans, grants and loan forgiveness, some students are able to pay tuition fees or cover living costs that would otherwise have prevented them from enrolling in a private institution. To the extent financial aid is not reimbursed to government, it represents an indirect public subsidy to private institutions (albeit much less than the subsidy to public institutions).

During the 1990s, Human Resources Development Canada was responsible for the federal Canada Student Loans Program and for disbursing funds from various skills development and other programs. Until 1999, HRDC paid grants to colleges to cover the full cost of student tuition. It then began providing grants to students that only covered a portion of their tuition. Furthermore, students receiving government loans became ineligible to receive income assistance.

Prior to requiring schools to be accredited for their students to be eligible for government financial aid, and at a time when funding was administered manually with no computer cross checks among government departments, stories would periodically surface about financial aid abuse. One such example was recounted in a Vancouver Sun newspaper article on July 21, 2000:

An investigation by the provincial welfare department in 1996 found 79 per cent of Columbia's [Columbia Academy of Radio, TV and Recording Arts in Vancouver] student loan recipients were improperly receiving welfare at the same time....Many of the so-called students at Columbia were academically challenged or had recently been in alcohol and drug rehabilitation programs....The ministry audit into Columbia also revealed "many of the students accepted by the school are unable to read, write and converse in fluent English," suggesting the school had virtually no admission policies.

Such egregious instances have now been addressed, but problems of loan default rates persist. Loan default concerns late repayments of loans and does not automatically mean the loan has to be written off as

Default Rates

The student loan default rate is based on a number of complex issues. Until this year, students could default on their loans without having it affect their credit rating. This is madness. The lack of flexibility in loan repayment, born of the banks' desire to collect on the government guarantee, quickly compounds the problem. Higher tuitions because of higher unsubsidized costs to private educators, will provide higher default rates and amounts. Private schools have been provided with no tools to support a lower default rate.

*- Niels Gartvig-Nielsen
Institute of Communication Arts
Province newspaper, Sept. 25, 1995*

uncollectable. The tightening of eligibility criteria resulted in the default rate for federal student loans to career college students across the country to fall from 38% in 1997 to 24% five years later.

The website of the BC Private Career Training Institutions Agency currently lists designated institutions (i.e. those whose students are eligible for government financial aid) and presents trend data about default rates at each institution. Provincially, the Ministry of Advanced Education, Innovation and Technology provided the following data in its November 2012 BCSL Cohort Report:

**Default Rate
By Five-Year Cohort**

	2003 – 2008	2004 – 2009	2005 – 2010	2006 – 2011	2007 – 2012
Public Institutions	10%	9%	8%	8%	8%
Private Institutions	25%	24%	20%	19%	17%

In 2001, the provinces and the federal government formed the Intergovernmental Consultative Committee on Student Financial Assistance to agree on common elements that all would use for designating institutions for financial aid eligibility. A designation policy framework was published in 2003 and updated in 2008. One of the changes proposed in 2008 was that loan repayment performance for students would no longer be associated with only the last institution attended but would be allocated proportionally among the institutions where loans were obtained.

The Private Career Training Institutions Agency reported in its 2013 Service Plan that student loan programs provided private career college students with \$130 million in funding in 2010/11.

The Bad Old Days Across Canada

School owners and government officials said that controversy dogs the schools as rogue operators defraud the system, unregulated colleges operate below the radar screen and deadbeat students default on their government loans.

Ontario's Shaw College, one of the oldest names in the business until its bankruptcy in 1999, had students who enrolled with the help of government loans but never attended classes. A school in Prince Edward Island shut down in 1998. Its owner was prosecuted for teaching with bogus credentials. A Vancouver school advised students on how to cheat the system to get more government cash.

Many school owners acknowledged that the sector was long overdue for more stringent regulations, many of which came into place in the late 1990s, but they added that the provincial governments have gone too far.

*- Globe and Mail newspaper
September 27, 2003*