

# Executive Summary

In most respects, British Columbia is performing extremely well in human capital development. The province's performance is above average according to the majority of the indicators we analyze, relative to both the rest of Canada and other OECD countries.

However, there is room for improvement. We have identified four key areas in which improvements would be likely to contribute to productivity growth in British Columbia: the underutilization of the skills of recent immigrants; the poor educational outcomes of Aboriginal people; the below-average production of advanced human capital through graduate training; and the problem of high school non-completion.

Recent immigrants are well educated relative to the general population, but their labour market outcomes are sub-par. Existing policies in Canada admit immigrants on the basis of their education and work experience with no assessment of the degree to which that education and experience will be valued in the labour market. Additionally, the onus is on the immigrants to find the relevant professional regulatory bodies in order to determine the acceptability of foreign credentials. There is room for improvement in this policy framework. The following are worth exploring:

- Admission via the federal Skilled Worker Program should be more focused on what is valued by Canadian employers. The program uses a 100 point scale to select permanent residents based on: education (up to 25 points), knowledge of English and/or French (24 points), experience (21 points), age (10 points), arranged employment (10 points), and adaptability (10 points).
  - o Of the 24 points available for language skills, up to 16 are awarded for fluency in one official language and up to eight are awarded for fluency in the other. The program does not select immigrants for Quebec and research suggests knowledge of English is a significant determinant of immigrant labour market outcomes in Canada while knowledge of multiple languages is not. Some or all of the eight points available for an additional official language should be reallocated to the first.
  - o Foreign work experience is of little to no value in the Canadian labour market yet all 21 “experience” points can be awarded for foreign work experience with only an additional five points under the “adaptability” category awarded for Canadian experience. Points should be removed from the experience category and added to the language category.
  - o Further, BC's Provincial Nominee Program should be allowed to grow such that half of those entering BC as skilled workers come through the provincial system.
- The provincial government should establish a formal credential recognition framework; create a single, recognized body to oversee assessments; and use its authority over the province's occupational regulatory organizations to ensure that credential assessments are respected by employers. This may involve the construction of sector-specific databases of international educational institutions, as recommended by the Business Council (2006b). The federal government should strongly encourage prospective immigrants to undergo an assessment early in the immigration process.

The educational outcomes of Aboriginal people are very poor relative to those of non-Aboriginals in Canada, and this education gap contributes to a severe labour market outcomes gap. While British Columbia performs better than average in this respect, the outcomes gaps for Aboriginals in the province are still unacceptably large. Hard work by Aboriginal students and the many people that support them is paying off. However, from an outside perspective, what is still missing is ongoing, consistent, rigorous analysis to identify what is helping Aboriginal students improve their education outcomes in successful districts and what barriers remain in other districts.

- For *off-reserve schools*, we suggest a new, independent group be established to provide this missing research and communicate the results. Funding could be provided by one or any combination of: a leading Aboriginal organization or a collection of individual First Nations, the BC Government and Aboriginal Affairs and Northern Development Canada (AANDC). Financial support from all involved would be ideal but this group could be established by any one organization. The work of a small professional staff would be directed by an independent, volunteer board chosen by the funding organizations and drawn from those involved in Aboriginal education.
- As outlined in more detail by others, we suggest federal funding for Community Education Authorities (CEAs) be structured so as to provide a strong incentive for bands to establish reasonably large CEAs for *on-reserve schools*. We agree with Richards and Scott (2009) that the federal government should provide per-student funding increases of at least 25 percent to schools that organize under school authorities of at least 12 schools. Of course, any such inducement would have to be negotiated by the federal government and the representatives of British Columbia First Nations.

Research suggests a marginal increase in the population with higher education has a larger effect on a country's total factor productivity growth the closer the economy is to the world technology frontier. As Canada is very close to this frontier returns to higher education in Canada remain high. Although British Columbia is above the Canadian average in terms of the proportion of the population having attained a graduate degree, investment in increasing that proportion would likely yield significant economic benefits for the province. To that end we suggest that:

- Funding at British Columbian universities should be reallocated to promote greater enrolments in graduate programs. A reasonable policy goal for BC is to reach 4.0 percent of the population aged 18-29 by 2020. Achieving this would require growth at twice the pace seen in BC between 2000 and 2008.
- The government and universities develop a comprehensive graduate student fellowship program, similar to those available in Quebec and Ontario. This can help attract more international students, encourage British Columbian students to pursue graduate studies, and increase the research output of British Columbia's universities.

High school non-completers face significant economic challenges and contribute less to the economy on average than they would if they had completed high school. According to Labour Force data, over half of those who do not complete their K-12 education in six years from the grade eight starting point either get a certificate through their own effort, take a little longer to complete in the public system or find another path to completion. This still leaves a large number of young people with poor employment prospects, therefore:

- We suggest the province develop a new indicator which can, to the extent possible, track all paths to completion. Creating an “Overall Completion Rate” indicator will be a significant challenge but it is necessary if BC is to realize the goal of being the best-educated, most literate place in North America. Without such a measure we cannot identify groups of people with unmet needs and develop programs to fill these needs. Simply looking for improvements in the six-year completion rate is likely to lead to wasted resources and missed opportunities; and that,
- Policymakers aspire to continuously increase the overall completion rate; that is, to set a target drop-out rate of zero percent. This would obviously be a ‘soft target,’ since it is unrealistic to suppose that it will ever be reached (and further reductions would surely become uneconomical beyond some high completion rate). However, the goal of 100 percent completion would help ensure that those students who still cannot graduate are identified and offered assistance appropriate to their needs and circumstances.

Further, to focus on drop-outs we suggest the provincial government:

- Invest in the production of better information about the personal and family characteristics of high school drop-outs in British Columbia, as well as evidence on the school- and district-level factors associated with non-completion. A study modeled after Government of Alberta (2009) would be a good starting point. Such information could be used in conjunction with FSA scores to identify potential drop-outs at a young age and to further develop and refine programs to help them graduate; and,
- Report ratios of performing and underperforming students by district and, provide a provincial summary for those who are underperforming showing: the grade in which performance issues were identified; what interventions have been tried; and, whether or not the person is still in school.