

Study: Does taking short postsecondary programs or independent credits benefit recently displaced workers?

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Workers who lose their job are often affected financially for several years. One way to cope with job loss is to go back to school before returning to the labour market, but with financial responsibilities, displaced workers may have little time to devote to reinvesting in themselves. Weighing the costs of going back to school against the potential benefits of doing so is an important exercise to undertake after being laid off.

To shed light on this issue, a new Statistics Canada study, "[Does taking short postsecondary programs or independent credits benefit recently displaced workers?](#)," documents the degree to which displaced workers experienced relatively high earnings growth when they used various educational strategies following job loss. To do so, the study uses administrative data and the Census of Population to focus on individuals who lost their job in the period of 2010 to 2014 and follows them from seven years prior to the layoff to five years after the layoff. The study is able to track educational activities in virtually all public postsecondary institutions in Canada.

Obtaining college or CEGEP certificates or diplomas is associated with higher earnings growth after job loss

Individuals who obtained a college or CEGEP certificate (usually a one-year commitment) shortly after job loss saw their average annual earnings grow by more than \$7,000, from \$35,900 one year prior to the layoff to \$43,100 five years after the layoff (all figures expressed in 2019 dollars).

Similarly, those who obtained a college or CEGEP diploma (usually a two- or three-year commitment) had an average increase in annual earnings of almost \$10,000 over the same period (from \$34,200 to \$43,800). In contrast, displaced workers who completed a micro-credential, which is shorter in length than a certificate or diploma, registered a relatively small increase in earnings, roughly \$1,300.

The earnings growth of displaced workers who completed a micro-credential was somewhat smaller than that registered by displaced workers who did not return to school. The latter group saw their average annual earnings grow by about \$2,400, from \$48,700 one year before job loss to \$51,100 five years after job loss.

Generally, all of the findings in the study held up after accounting for the influence of other factors, including differences in personal characteristics, job characteristics, earnings levels and earnings growth rates that were observed across various groups of displaced workers before their job loss.

Science, Technology, Engineering, and Mathematics and Health program graduates experienced fastest earnings growth after job loss

Among individuals who graduated from short programs (a micro-credential, certificate, or diploma) following a job loss, those who studied in Science, Technology, Engineering and Mathematics- (STEM) or Health-related disciplines registered much faster earnings growth than other graduates.

Displaced workers who graduated from short STEM- or Health-related programs saw their average annual earnings rise by almost \$12,000, from \$36,100 one year prior to the layoff to \$47,700 five years following the layoff.

In contrast, those who graduated from short programs in other disciplines registered approximately a \$3,000 increase in average earnings over the period, slightly ahead of the increase for people who did not return to school (+\$2,400).



Enrolment with no postsecondary credential not associated with increased earnings following job loss

Many displaced workers who chose to return to school either did not complete their program or took on smaller commitments in the first place, such as independent credits (not linked to a program or credential), basic skills training, or high school upgrading. This may have been because of immediate financial responsibilities that persisted following job loss.

Displaced workers who chose these strategies did not experience stronger earnings growth than displaced workers who did not return to school. In fact, those who returned for basic skills training or high school upgrading registered a decline in earnings in the period of one year prior to job loss and five years following job loss. Such a decline could reflect skills deficits faced by this group upon re-entry into the labour market, a factor that could not be taken into account in the study.

Returning to school not a common strategy after job loss

Despite the potential economic benefits of returning to school following job loss, a majority of displaced workers did not adopt this strategy. A recent Statistics Canada study reported that [4.0% of workers who lost their job during the recession in 2009 returned to school in that year, compared with 1.9% of other workers](#). By 2018, 14.1% of workers displaced in the 2009 recession had returned to school compared with 9.8% of others.

While it is unclear why enrolment rates of recently displaced workers were not very high despite the benefits of taking certain programs, it is possible that ongoing bills and having to take care of dependents presented barriers to returning to school for some.

For more information on other articles released today, please see the release titled "[Economic and Social Reports, November 2022](#)."

The research article titled "[Does taking short postsecondary programs or independent credits benefit recently displaced workers?](#)" is now available in the November 2022 online issue of *Economic and Social Reports*, Vol. 2, no. 11 ([36280001](#)).

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