



Evaluation of the Canada Apprentice Loan Phase 2

Report

September 2020

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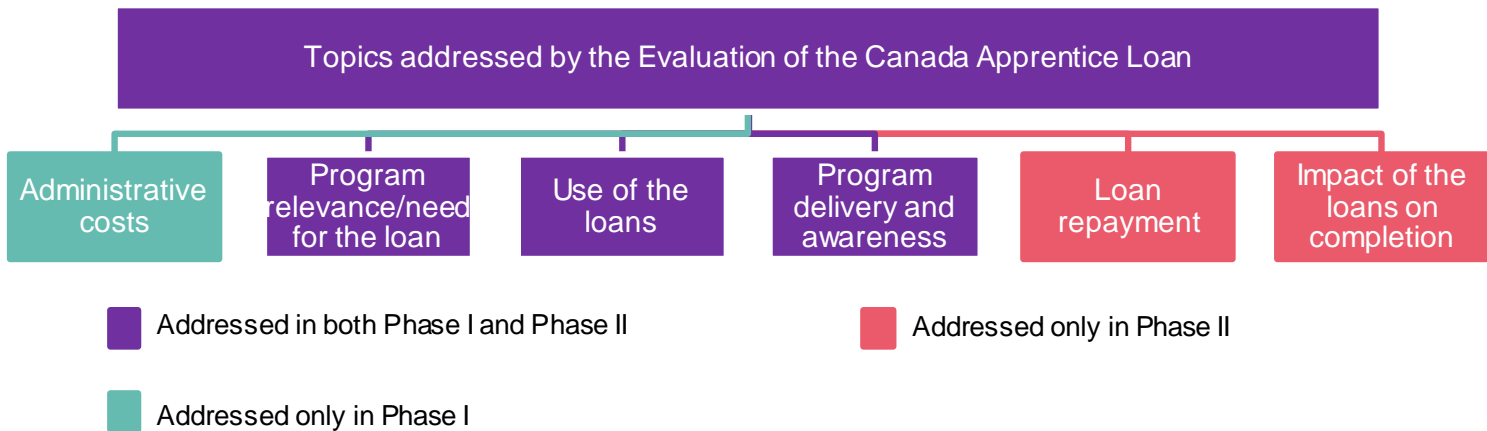


INTRODUCTION

This report constitutes Phase II of the Evaluation of the Canada Apprentice Loan. Phase I was completed in 2017 and covered program relevance, the use of the loans, administrative costs, and program delivery and awareness. Phase II expands on additional questions about loan repayment and the impact of the loan on completing an apprenticeship.

This evaluation uses an impact analysis method to estimate the contribution of the loans on the completion of an apprenticeship. Due to omitted variable bias, impacts of the program were reported as contributions. For more details about this study please see the methodology and limitations section in Annex B.

The evaluation covers calendar years 2015 to 2019¹ and complies with the *Financial Administration Act* and the 2016 Treasury Board *Policy on Results*.²



¹ Evidence coming from the administrative data use calendar years 2015 to 2017.

² A more detailed list of evaluation questions is presented in Annex A while the methodology used for this evaluation and its limitation in Annex B.



Key Evaluation Findings³

- The loan contributes to completion of training.
- There is a need for the Canada Apprentice Loan given that most apprentices continue to have difficulty making ends meet during technical training.
- The Canada Apprentice Loan responds to the need of various sub-populations.
- A higher than average proportion of women, Indigenous recipients, recipients with a disability and older recipients surveyed indicated that the loans were important or very important in covering the costs of training and other related expenses.
- Approximately one-third (37.0%) of apprentices surveyed are aware of the loan prior to registering.
- Of this 37%, one third (39.0%) feel that knowing about the loan is an important part of their decision making to participate in an apprenticeship program. Most awareness about the program occurs after registering into a trade school.
- The take up rate has been relatively stable since inception of the program. During the period between 2015 and 2017, approximately one-third of the eligible population used the loan. The average take-up rate of the Canada Apprentice Loan over this period was 31.6% with a slightly higher rate for women (33.1%).⁴
- A majority of the recipients surveyed are satisfied with the application process (78.6%) and the timeliness (82.0%) of the loan. This is consistent with the findings from Phase 1.
- Between 2015 and 2017, 74.1% of the loan recipients were also using both Apprenticeship Grants and Employment Insurance benefits. During the same period, only 4.0% of the loan recipients were using the loan as their source of financial support.
- On average, an apprentice has \$5,534 of debt during training. A large majority (81.5%) starting to repay before the end of their first year of training.
- In general, about 10% of recipients start repaying their loan before completing their training. A small percentage of borrowers in repayment (1.7%) are using the Repayment Assistance Program. This could be due to a low level of awareness about the Repayment Assistance Program.

³ A survey and an integrated database were used to generate the findings for this report

⁴ Phase 1 of the Evaluation of the Canada Apprentice Loan estimated the take-up rate in 2015 at 41.0%. More recent data on the number of loans disbursed can be seen in Table 4 in Annex E but these are not take-up rate as the program does not calculate such a figure.

INTRODUCTION

Recommendation

1. The program should focus on increasing awareness of the loans among underrepresented groups both in terms of promotion of the program and in terms of providing clarity about its principal features so more apprentices that are in need can benefit.

Consideration

1. As the Canada Apprenticeship Loan is only one part of a broader suite of federal support measures for apprenticeships, the Department should consider how the loan links into a broader Apprenticeship Strategy.



Program Background:

The Canada Apprenticeship Loan was launched in 2015 and offers interest-free loans of up to \$4,000.00 per period of technical training (minimum request of \$500.00). In loan year 2015-16, a total of 16,429 apprentices borrowed from the Canada Apprenticeship Loan, leading to disbursements totaling \$69.4 million.⁵

The lifetime maximum loan amount is set to \$20,000.00 and/or a maximum of five periods of technical training. The program was designed to help registered Red Seal apprentices:

- cover the costs related to their apprenticeship;
- to assist more apprentices in completing their training.⁶

The Canada Apprenticeship Loan builds on other federal government measures that aim to financially support individual apprentices⁷:

Employment Insurance

Individuals referred by their province or territory to attend full-time technical training (sometimes referred to as block-release training), may be eligible to receive Employment Insurance benefits. This can only occur while unemployed and attending the training.

Apprenticeship Grants

The Apprenticeship Grants are comprised of the Apprenticeship Incentive Grant, the Apprenticeship Completion Grant and the Apprenticeship Incentive Grant for Women. They allow apprentices to receive up to \$4,000 in lifetime grants to pay for tuition, travel, tools, or other expenses up to \$8,000 in grants for apprentices who are women.

Tax Deductions

Tax deductions and credits for supporting apprentices and tradespersons include:

- the Tradesperson's Tools deduction,
- the Tuition Tax Credit⁸ and
- the Education Tax Credit

⁵ A more detailed description of the program is presented in Annex C.

⁶ The logic model for the Canada Apprenticeship Loan program is presented in Annex D.

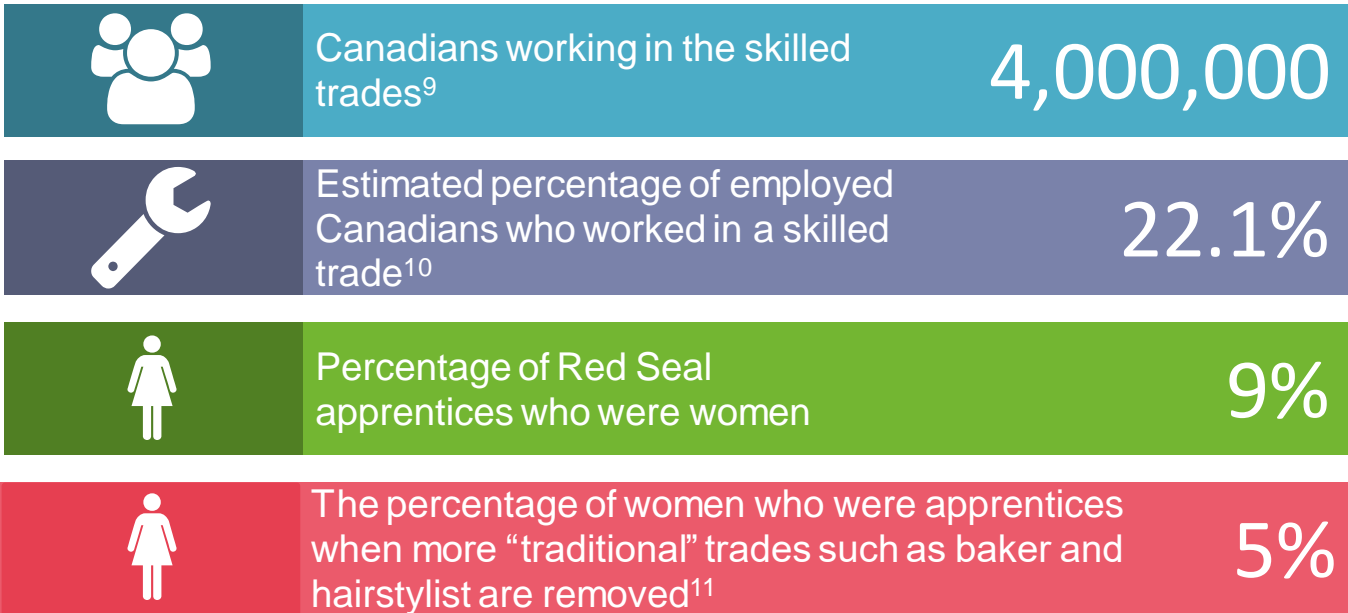
⁷ In every jurisdiction except Quebec, employers agree to release the apprentice to attend technical training for 6 to 12 weeks in alternation with on-the-job periods.

⁸ In 2011, the tuition tax credit was extended to include tax relief for trade examinations. The examination fee must be greater than \$100 to be eligible.

INTRODUCTION

Role of Government in Apprenticeship

In 2015:



Completing an apprenticeship program can be a challenge for apprentices and it can also vary significantly across jurisdictions and trades. Table 1 demonstrates that apprentices who completed their programs are more likely to find employment and have, on average, higher earnings.¹²

Table 1: Advantages of Completing an Apprenticeship

Apprentice Characteristic	Completers	Discontinuers
Have a permanent job	80.8%	77.0%
Average Annual Income	\$69,512	\$59,782

⁹ Labour Force Survey 2015, Statistics Canada

¹⁰ *Ibid*

¹¹ Registered Apprenticeship information System 2017, Statistics Canada

¹² Frank, Christine and Emily Jovic, “National Apprenticeship Survey 2015: Canada Overview Report”, Statistics Canada, March 2017



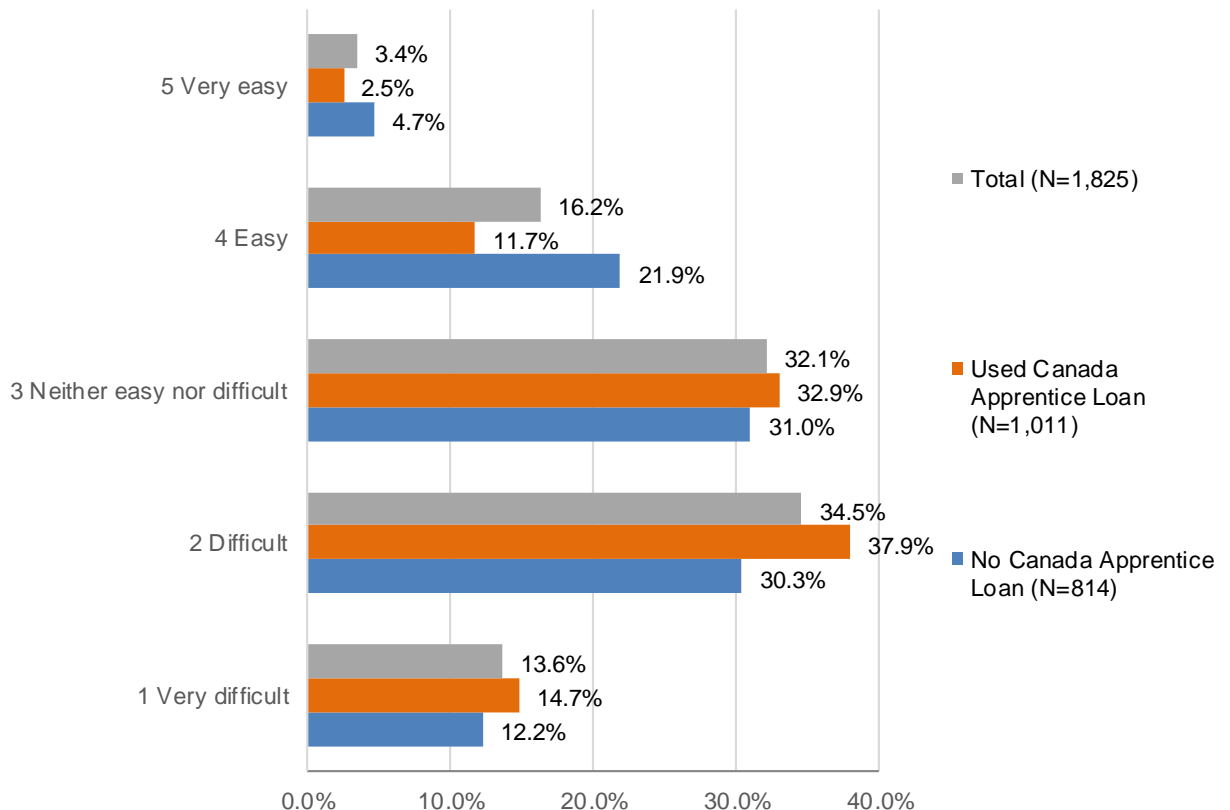
KEY FINDINGS – NEED FOR THE LOAN

Both Canada Apprentice Loan recipients and non-recipients indicate that there is a need for the loan given the high cost of technical training and the overall apprenticeships costs.



- Figure 1 shows that close to half of the apprentices surveyed (48.1%) said it was difficult or very difficult to make ends meet during the technical training period.
- The proportion of apprentices who had difficulties making ends meet during the technical training period is higher among loan recipients (52.6%) compared to the non-recipients (42.5%). This suggests that there is a need for the Canada Apprentice Loan.

Figure 1: During your technical training period, how easy or difficult was it to make ends meet financially?



Source of information: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

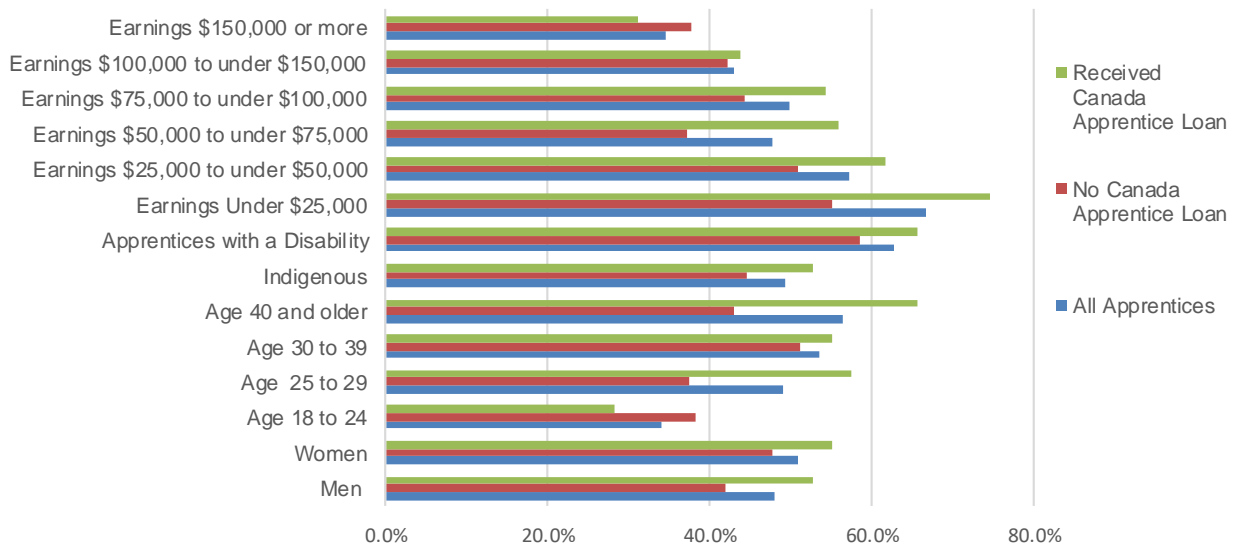
KEY FINDINGS – NEED FOR THE LOAN

There are variations in terms of difficulties making ends meet, showing that some groups have more of a need for the Canada Apprentice Loan than others.



- Figure 2 indicates that certain groups were more likely to say that they had difficulties making ends meet. This includes women (51.0%), apprentices 40 years and older (56.6%), apprentices with a disability (62.7%) and those with lower annual earnings (66.9%) were more likely to say that they had difficulties making ends meet.
- A larger proportion of loan recipients indicated that they have difficulties making ends meet compared to eligible non-recipients. The exceptions are those with the exception of those recipients earning more than \$150,000 and those between 18 and 24 years old.
- As shown in Figure 19 in Annex E, other groups of apprentices were also more likely to say that they had difficulties making ends meet. These include: industrial electricians (60.8%), welders (59.4%), plumbers (57.1%) and apprentices being trained in more than one trade (60.9%)¹³ were also more likely to say that they had difficulties making ends meet.

Figure 2: Proportion of Apprentices who had difficulty making ends meet during technical training.



Source of information: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019

¹³ Hairstylists (41.6%) and cooks (35.8%) have said that they had difficulties making ends meet as seen in Annex E, Figure 19. However, with a sample size of 5 and 3 observations respectively, it is not possible to make a broad generalization.

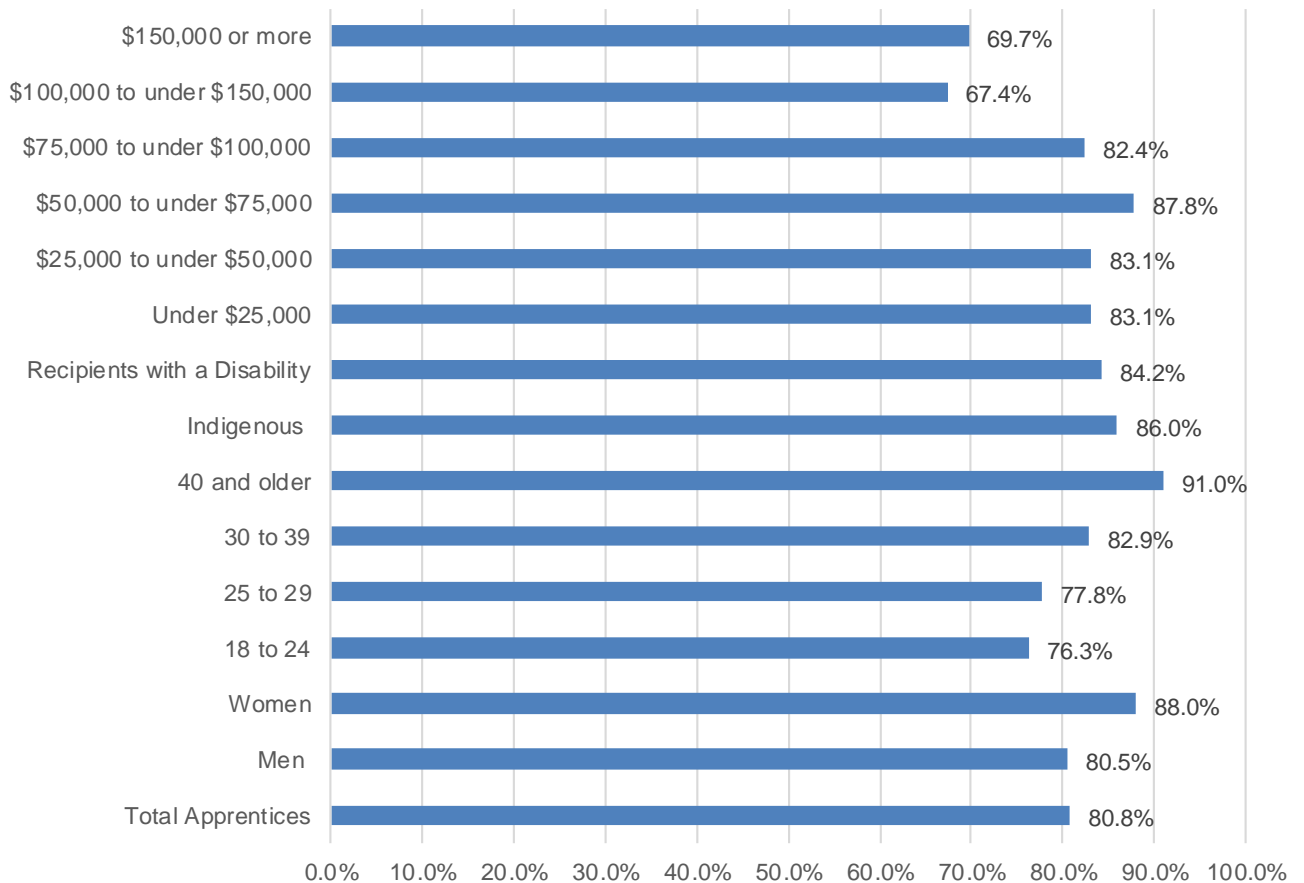
KEY FINDINGS – NEED FOR THE LOAN

The Canada Apprentice Loan contributes to covering the costs of training and other expenses for most recipients (80.8%). A larger contribution was observed for vulnerable groups.

Figure 3 shows that 80.8% of the recipients surveyed indicated that the loans were important or very important in covering the costs of training and other related expenses.

- This proportion is higher among:
- women (88.0%),
 - older apprentices (91.0%),
 - Indigenous (86.0%),
 - recipients with a disability (84.2%) and
 - those earnings less than \$75,000 annually (87.8%).

Figure 3: Level of importance of the loan in covering the costs of apprenticeship by subgroup? (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

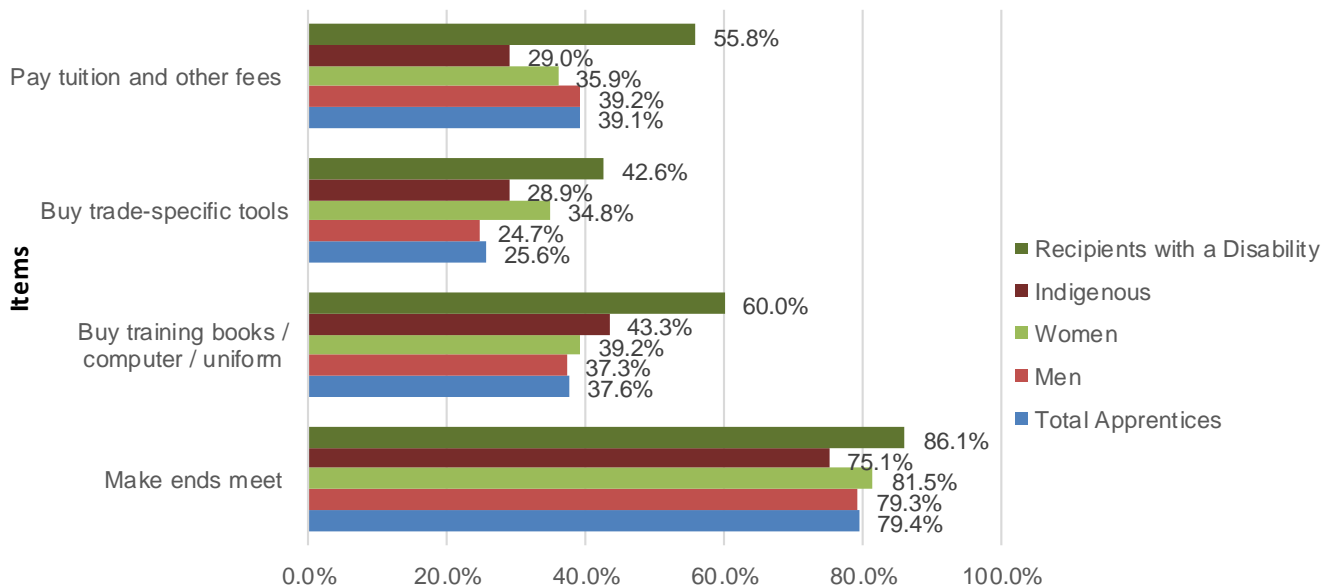
KEY FINDINGS – NEED FOR THE LOAN

Approximately three quarters (79.4%) of recipients surveyed used the Canada Apprenticeship Loan to make ends meet.



- Figure 4 indicates that 39.1% of recipients used the Canada Apprentice Loan to pay tuition and other fees. Apprentices also used Canada Apprentice Loans to pay for training items such as books, computer or uniforms (37.6%) and to buy tools (25.6%).
- A higher proportion of lower income recipients and recipients with a disability used the Canada Apprentice Loan to pay for tuition and other fees, buy tools or buy books, computer or uniforms specific for training. See Figure 32 in Annex E for full table including income information.
- Loans are used differently by different trade groups. For example, welders (92.9%), steamfitters/pipefitters (92.4%), recipients with a disability (86.1%), those earning less than \$75,000 annually (82.0%) and women (81.5%) are the most likely to report using the Canada Apprentice Loan to make ends meet as indicated by Figure 25 in Annex E.
- This is likely due to the different nature of the work and differences in income.

Figure 4: Proportion of recipients that used the loan toward these specific items (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprenticeship Loan recipients and eligible non-recipients 2019.

KEY FINDINGS – AWARENESS

Approximately one-third (37.0%) of apprentices are aware of the loan prior to registering as indicated by Figure 5.

Figure 5 indicates that level of awareness of the loan is lower for women (30.6%) and for apprentices earning less than \$25,000 per year (30.4%). This is a low rate of awareness as one third feel that knowing about the loan is an important part of their making the decision to participate in an apprenticeship program.

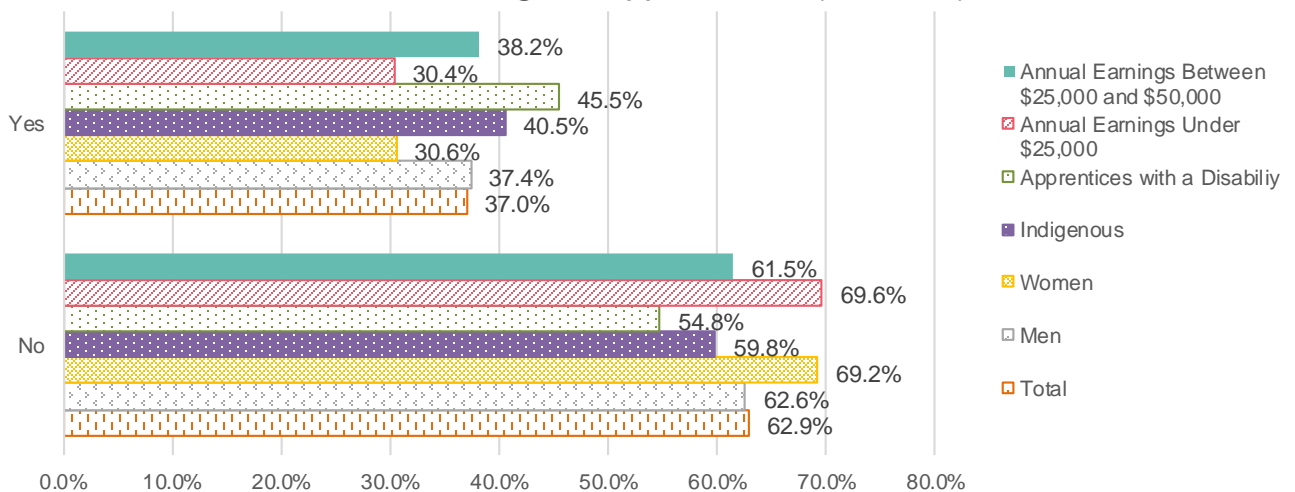
For those who are aware of the loan, Figure 20 in Annex E shows that for 39% of apprentices, knowing about the Canada Apprentice Loan was an important factor (17.4%) or very important factor (21.6%) contributing to the decision to register for apprenticeship training. This proportion is even higher for women (47.0%) Indigenous apprentices (64.9%), apprentices with a disability (62.5%) and those with annual earnings under \$25,000 (59.6%).

One-third of the apprentices who did not apply for a Canada Apprentice Loan (38.2%) mentioned that awareness was a problem for them. This proportion is even higher for women (52.4%), Indigenous apprentices (49.6%) and apprentices with a disability (49.2%).



The level of awareness is lower for women (30.6%) compared to men (37.4%).

Figure 5: Awareness level of the Canada Apprentice Loan before becoming an apprentice? (N=1,525)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

KEY FINDINGS – AWARENESS

Most of the awareness about the program is achieved in class or at school and not prior to the program.

Figure 6 indicates that 60% of the apprentices who were aware of the Canada Apprentice Loan before taking the Evaluation survey were informed of the loan either:

- in class (44.6%),
- via a classmate (9.8%) or
- by the teacher (5.6%).

This means that awareness of the loan is mostly occurring after registering for the training.

Figure 6: Apprentices first heard about the Canada Apprentice Loan from these promotional elements



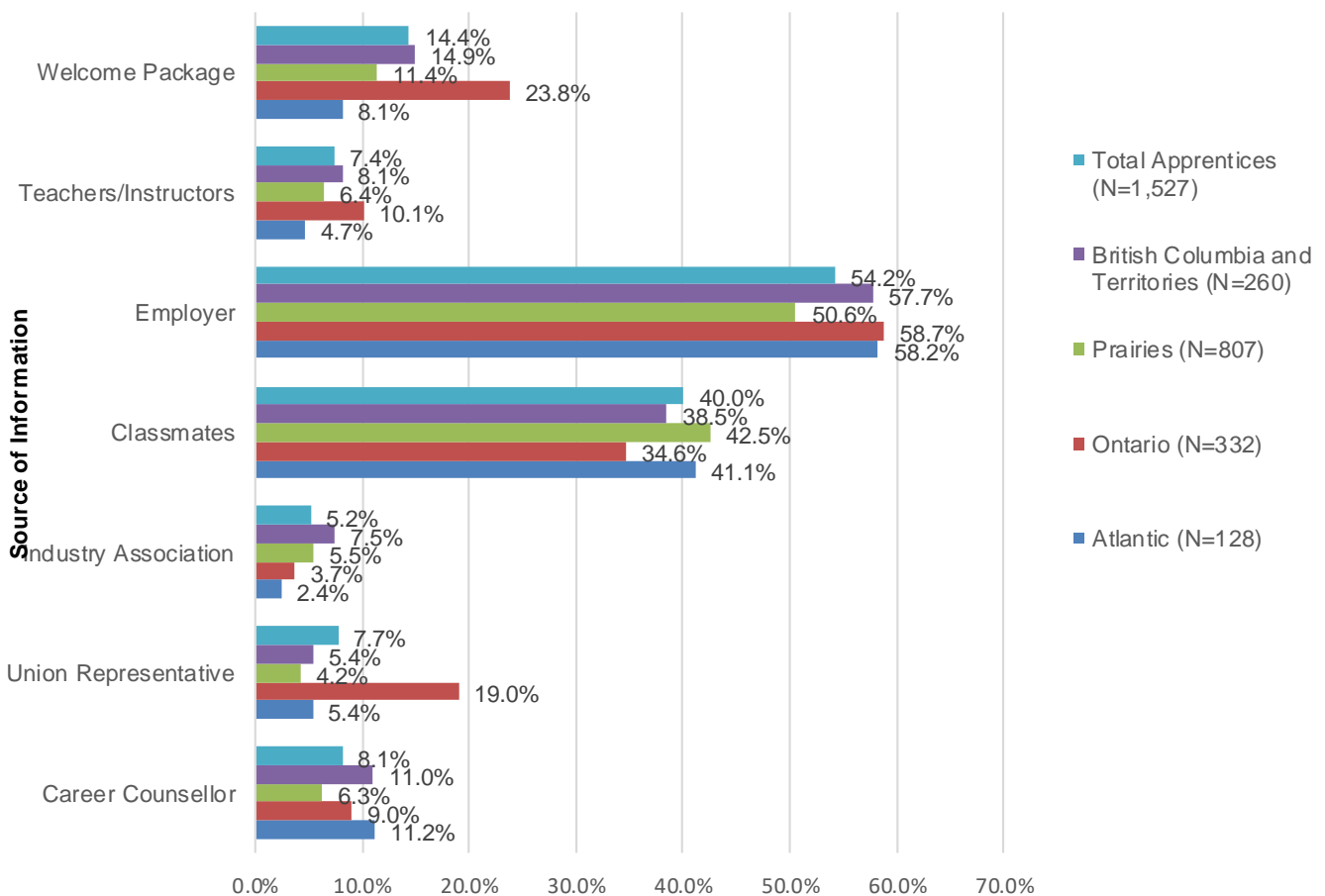
Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

KEY FINDINGS – AWARENESS

A large percentage of the loan recipients made a decision to become an apprentice without knowing about the loan. Most of the information about the program is provided during the training from employers or from the schools.¹⁴

Figure 7 shows that the source of information about the loan varies across regions. For example there is a higher percentage of apprentices in Ontario receiving information from union representatives, employers and welcome packages relative to other regions.

Figure 7: Apprentices received information about the Canada Apprentice Loan from the following sources



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

¹⁴ It should be noted that the Canada Apprentice Loan does not have an official objective to have apprentices know about the program prior to registering to their apprenticeship. For more information on this, see the logic model of the Canada Apprentice Loan in Appendix A.

KEY FINDINGS – TAKE-UP

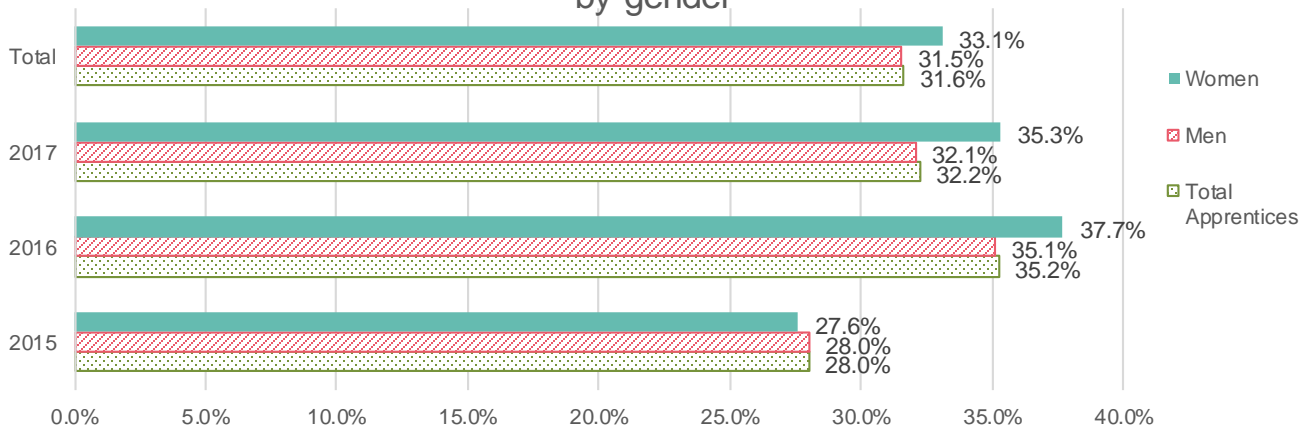
Overall take-up has increased since 2015, but it varies by gender and across jurisdictions.



- Figure 8 indicates that other than in 2015, the take-up rate for women is always higher than the one for men. The average take-up rate for women is at 33.1% while the one for men is at 31.5%.
- Figure 21 in Annex E also indicated that Alberta and Nova Scotia have the highest take-up rates, averaging 44.9% and 42.8% respectively. However, Ontario, Newfoundland and Labrador both have the lowest take-up rate with an average of 15.6% for both. The take-up rate in Ontario is constantly declining between 2015 and 2017.
- A total of 49,550 loans were disbursed to 34,602 apprentices between January 1, 2015 and December 31, 2017.¹⁵
- Most of the loans are disbursed to apprentices registered in Alberta. In terms of trades, most of the loans are disbursed to construction electricians and to other Red Seal trades.

The take-up rate for women is 33.1% overall

Figure 8: Estimated Take-up rate for Canada Apprentice Loan by gender



Source: ESDC, Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance Administrative Data.

¹⁵ The administrative data used for the analysis included data for calendar years 2015 to 2017. This is why the loan status (i.e. In repayment) is at the December 31, 2017 point.

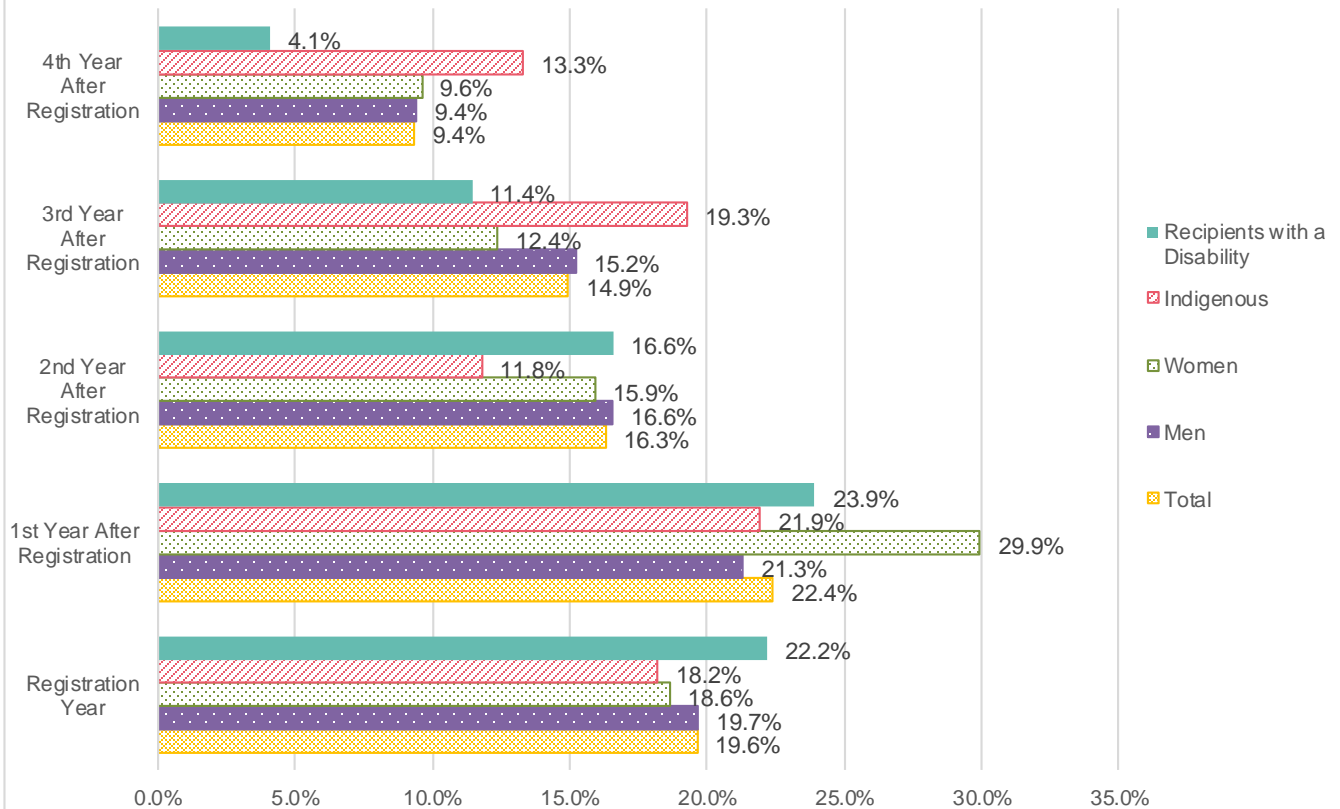
KEY FINDINGS – TAKE-UP

Just less than half (42%) of loan recipients obtain their first loan either during the year they registered or 1 year after registration.

- The Canada Apprentice Loan allows an apprentice to take up to five loans of \$4,000 for a maximum lifetime amount of \$20,000. Apprentices obtain on average approximately 2 loans.
- Income is the only factor that impacts on the number of loans taken. Other demographics including gender, disability and age are not significant factors that contribute to decisions to take loans (see Table 5 in Annex E).

This suggests that there is no relationship between sub-groups and the number of loans taken. Although, the number of loans taken decrease significantly when income of the recipient increases.

Figure 9: Stage during the apprenticeship when loan recipients first applied (N=1,111)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

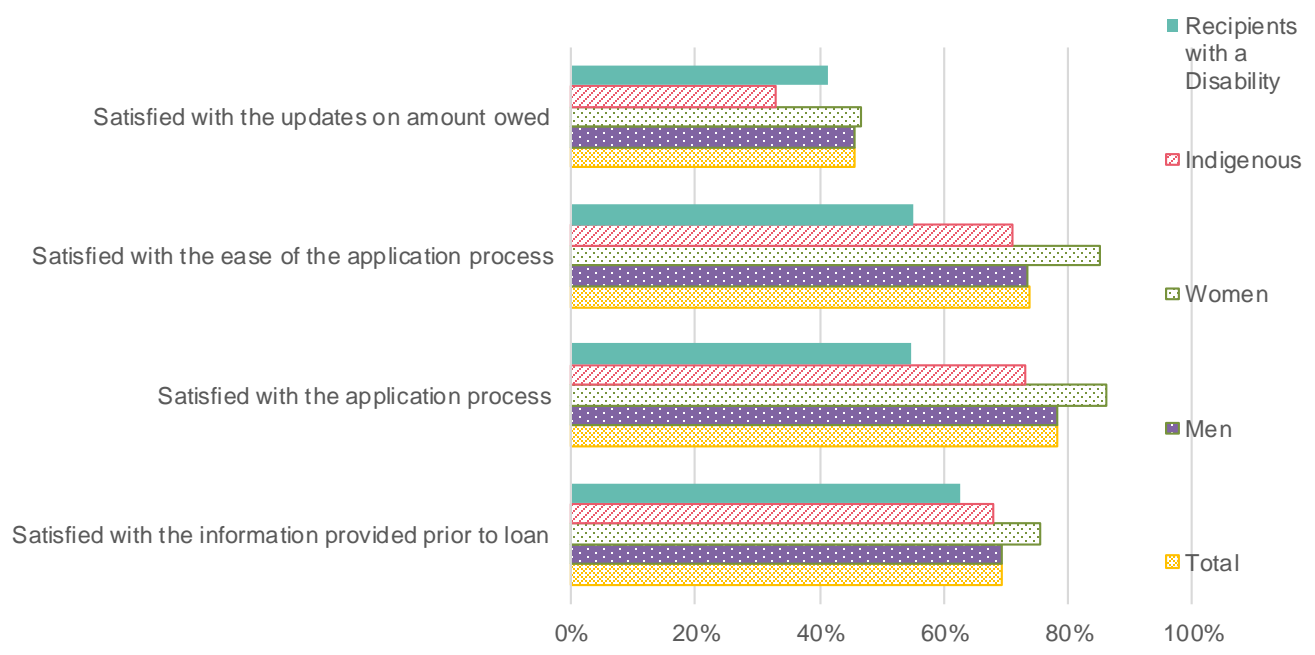
KEY FINDINGS – SATISFACTION LEVELS

Most recipients (78.6%) are satisfied or very satisfied with the application process, with the exception of Indigenous recipients and recipients with a disability.



- Figure 10 shows satisfaction with the application process. Indigenous recipients (73.0%) and recipients with a disability (54.8%) are the least satisfied with the application process.
- Figure 10 also indicates that 73.9% of the recipients are satisfied or very satisfied about the ease of understanding of the program material. Recipients with a disability (55.2%) appear to be less satisfied with the ease of understanding the loan material while women (85.2%) are more satisfied.
- The level of satisfaction with the application process and with the ease of understanding the Canada Apprentice Loan material increases with the level of education (see Figure 27 in Annex E).¹⁶
- Two main reasons were given by apprentices who did not apply for a loan:
 - 14.2% mentioned being uncomfortable with the idea of having debt;
 - 39.4% of them did not need a loan.

Figure 10: Level of satisfaction with service delivery by sub-groups (N=1,111)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

¹⁶ A simple t-test to compare the level of satisfaction across education level shows that the difference in level of satisfaction is not always statistically significant for the education level below some college.

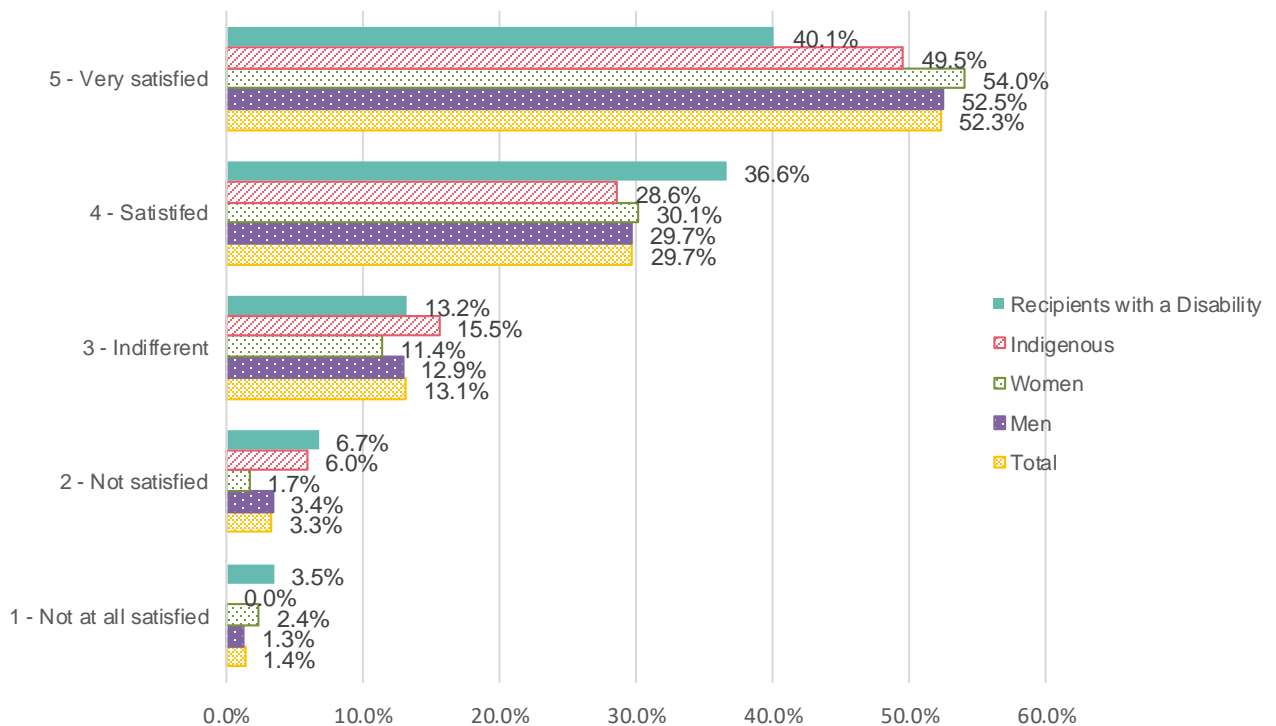
KEY FINDINGS – SATISFACTION LEVELS

Most loan recipients are satisfied (29.7%) or very satisfied (52.3%) with the timeliness of the loan.¹⁷



- Figure 11 indicates that there are variations in the level of being satisfied with the timeliness of the loan among selected groups. Recipients with a disability and Indigenous recipients appear to be slightly less satisfied with the timeliness of the loan as opposed to other groups.
- The geographical variations related to satisfaction with the timeliness of the loan can be seen in Figure 28 in Annex E:
 - recipients in British Columbia and the Territories (85.2%) are more satisfied
 - those in Ontario (76.2%) are less satisfied.

Figure 11: Level of satisfaction with the timeliness of the loan (the time from application to receipt). (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

¹⁷ When the program was launched, it was specified that “applicants that submit all the necessary information can expect to receive their loan within 7 to 10 business days from the time the application is received”. For further information, see <https://www.canada.ca/en/news/archive/2015/01/canada-apprentice-loan.html>.

KEY FINDINGS – IMPACT OF SERVICES

Apprentices suggested changes to the Canada Apprentice Loan and the suite of federal support measures



- Approximately 4% of apprentices would like to reduce the cost of apprenticeship.
- For 4.3% of apprentices, raising awareness about the program could solve many issues, while another 3.8% mentioned that improving information about the loan could help them.
- Another 2.8% mentioned that targeting more vulnerable groups, such as single women or low-income families, would be a good solution.
- Close to 12% of apprentices surveyed mentioned that more grants or more funds including a targeted grant for specific costs, such as gas, travel and daycare would be useful.
- There are some differences between loan recipients and non recipients as it pertains to their views on their suggested enhancements of the loan but these differences are not large and systematic.
- For approximately 10% of the apprentices surveyed, solving Employment Insurance issues would provide them a great support as seen in Annex E, Table 5.¹⁸

Table 2: Comparing loan recipients and non-recipients: apprentice’s views on their needs during their apprenticeship period.

Suggested additional activity	Non-recipients	Canada Apprentice Loan Recipients	Total
Increase the Canada Apprentice Loan amount	1.0%	3.1%	2.2%
Lower interest rate	0.2%	1.4%	0.9%
Raise awareness / advertise programs (in general)	6.0%	3.0%	4.3%
Improve the information / awareness about the Canada Apprentice Loan	5.5%	2.6%	3.8%
Financial advice from the Canada Apprentice Loan-repayment information	2.3%	1.9%	2.1%

Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

¹⁸ Both tables show answers for around 45% of the apprentices, another 36% did not provide an answer to this question while roughly 7% of them said that the program was fine.

KEY FINDINGS – LOAN AND COMPLETION

Using the loan has a positive contribution to completing the apprenticeship training for every trade.¹⁹

- Table 3 demonstrates that using the Canada Apprentice Loan contributes to the completion of an apprenticeship program.²⁰
- The magnitude of the impact on completing an apprenticeship in the compulsory trades²¹ is larger when compared to the voluntary trades.²²
- For women, the loan does not contribute to completing an apprenticeship program in every trade as seen in Table 7 Annex E. This could be due to the small sample of women using the loan.
- Each extra loan used has a diminishing contribution on the probability of completing the apprenticeship for all trades and compulsory trades. Table 3 reports a negative coefficient for the “number of loans used” measure. This means that the greater contribution comes from the first loan. Table 8 in Annex E also supports this finding.

Table 3: Estimates from a Probit Model to Completing as the Dependent Variable

Parameter	All Apprentices	Compulsory Trades	Voluntary Trades
Number of apprentices	114,685	57,675	57,324
Used the Canada Apprentice Loan (any number of loans)	0.96***	0.98***	0.54***
Standard Errors	(0.128)	(0.145)	(0.169)
Number of Loan Used per apprentice	-0.37***	-0.26**	-0.13
Standard Errors	(0.121)	(0.134)	(0.157)
Note: *** Significant at the 1% confidence level. ** Significant at the 5% confidence level. * Significant at the 10% confidence level. Source: Registered Apprenticeship Information System, Apprenticeship Grants and Employment Insurance administrative data			

¹⁹ Most of the loan recipients in this dataset are still in training which means that their result is still not captured by the model. There is a possibility that those who are more likely to complete their training are still continuing while those who have dropped out are already captured.

²⁰ Magnitude of the coefficient in terms of percentage change will not be disclosed here due to the limitations discussed in Annex B.

²¹ A distinction has to be made between compulsory trades and voluntary trades. For apprentices in compulsory trades, they have to complete their training to be able to work in the field while this requirement is not mandatory for those in voluntary trades. In that sense, apprentices in compulsory trades have an incentive to complete their training that does not exist in voluntary trades. This is the main factor explaining the difference in impact between both types of trades.

²² *Ibid*

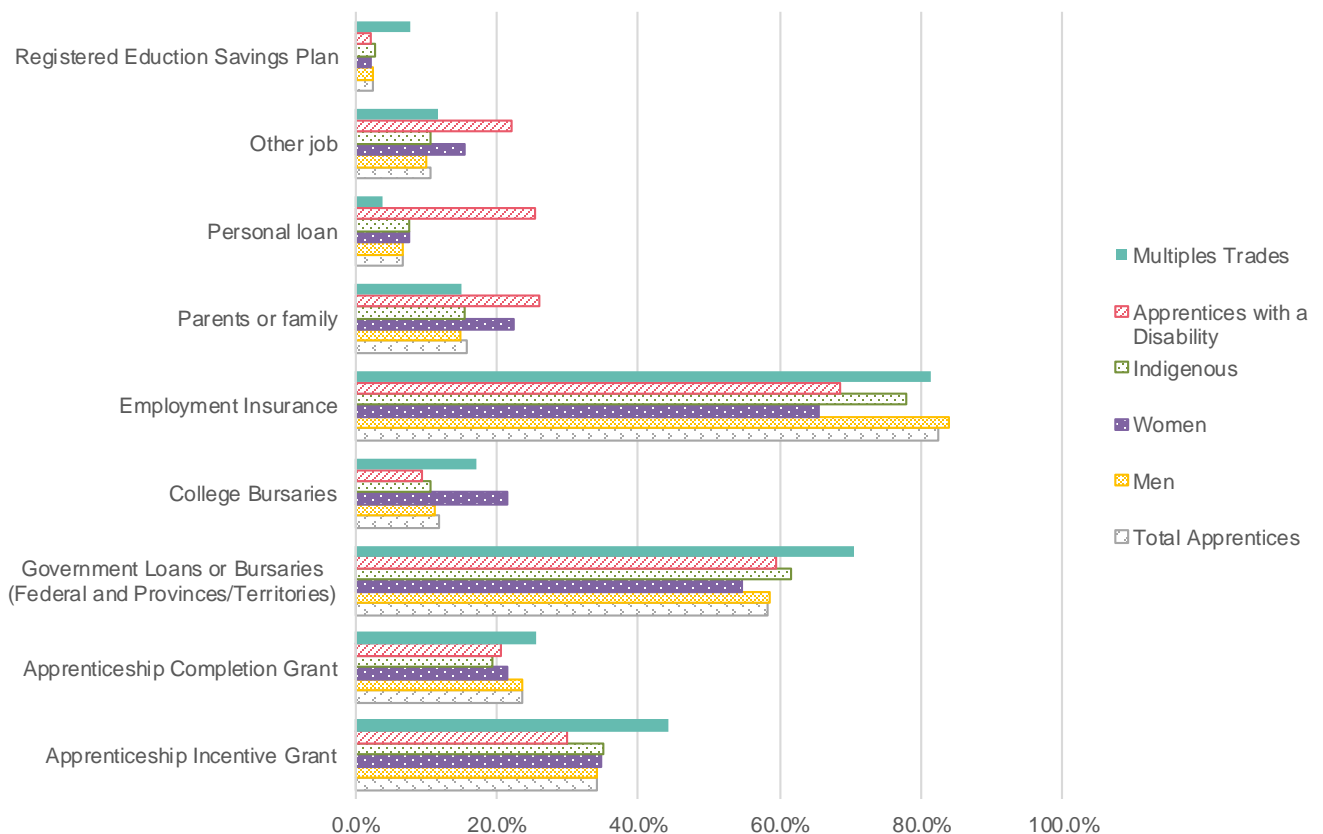
KEY FINDINGS – OTHER SUPPORTS

Approximately 82.5% of apprentices used Employment Insurance during their apprenticeship and 58.4% of apprentices used government loan or grants.

Figure 12 indicates that approximately 11.8% of apprentices used college bursaries and roughly 10.6% of them had to rely on another job to finance their training.

Apprentices with a disability and women tend to rely more on another job, help from parents or family. Apprentices with a disability also rely more on a personal loan compared to other groups. Women apprentices and apprentices with a disability tend to use less employment insurance during their training as seen in Figure 12.

Figure 12: Proportion of apprentices using other financial supports by sub-group (N=1,825)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

KEY FINDINGS – OTHER SUPPORT

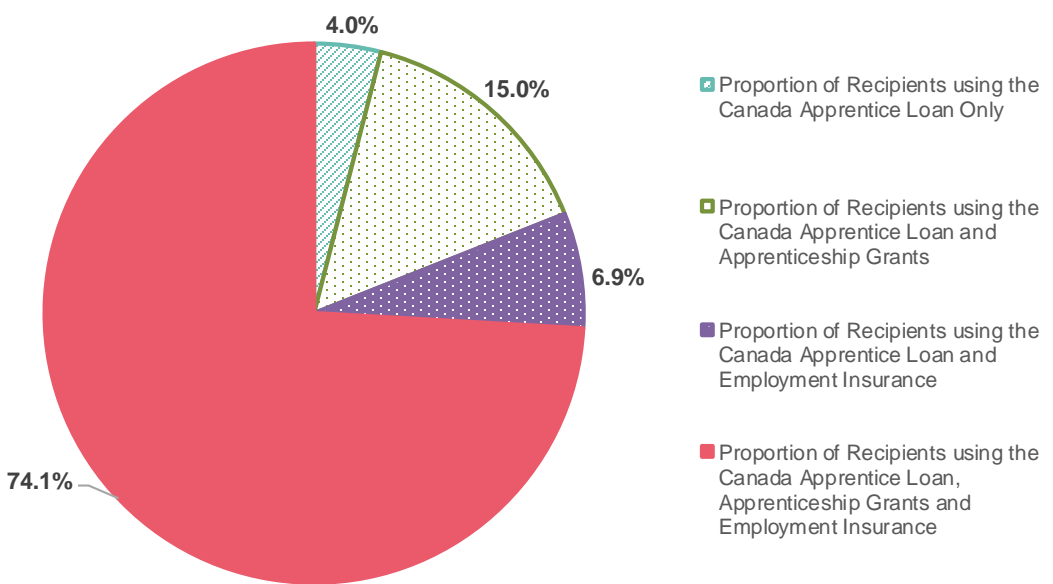
A majority of loan recipients (74.1%) received support from the Apprenticeship Grants and Employment Insurance.

4%

Only 4% of recipients use the Canada Apprentice Loan as a sole source of financial support (see Figure 13)

- Figure 22 in Annex E indicates that there are notable differences in the pattern of usage of the various federal measures of financial support.
- The three trade groups with the lowest proportion of recipients using the loan, the Grants and Employment Insurance include:
 - hairstylists (42.6%),
 - cooks (57.1%) and
 - industrial electricians (44.7%).
- These three groups also have the highest proportion of recipients using only the loan as source of financial support.
- However, construction electricians (81.1%), plumbers (79.9%) and automotive service technicians (78.8%) are the three groups with the highest proportion of loan recipients also using both the grants and employment insurance.

Figure 13: Proportion of loan recipients receiving support from other Federal support measures for apprentices



Source: ESDC, Linked Canada apprentice Loan, Apprenticeship Grants and Employment Insurance Administrative Data

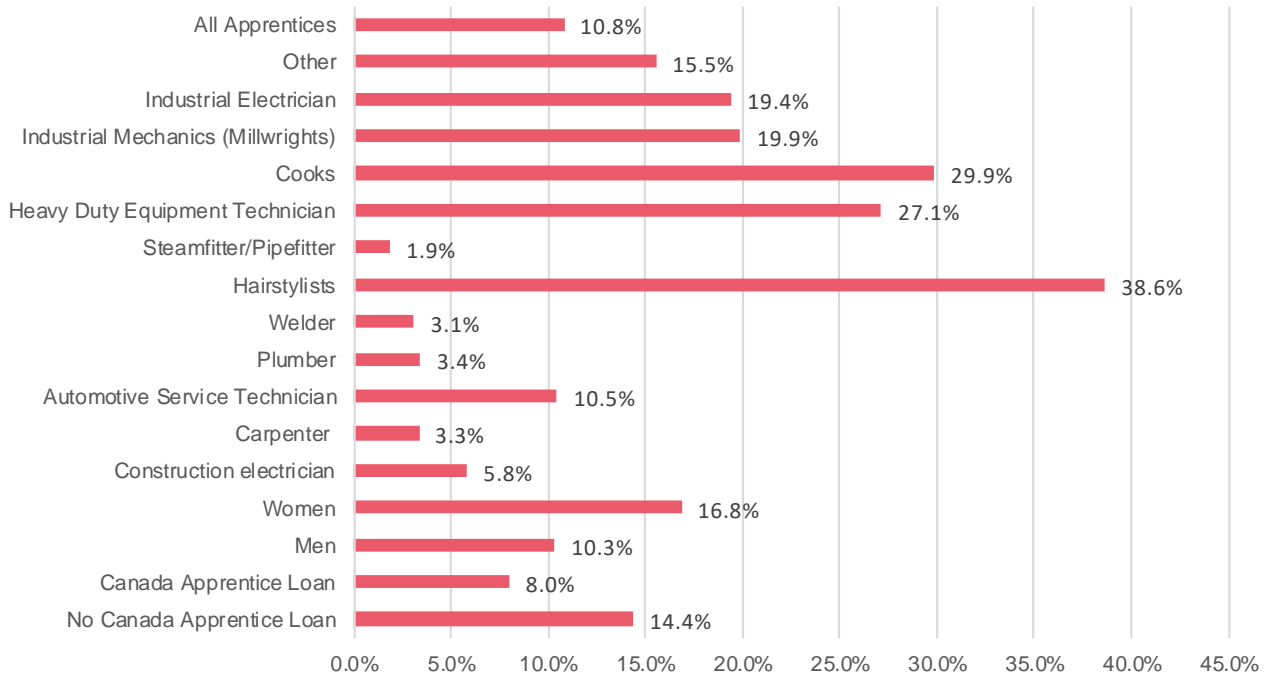


KEY FINDINGS – OTHER SUPPORT

A small proportion (10.8%) of apprentices continue to get paid by their employer during the technical training period.

- A large portion of apprentices need to find another source of income during their technical training period as indicated in Figure 14.
- Figure 14 also indicates that the proportion of apprentices who are paid by their employer during the technical training is higher among certain groups. These include: non-recipients, women, hairstylists²³, cooks²⁴ and heavy duty equipment technicians.
- Among those who are still being paid during the technical training period, most (51.8%) still receive their full wage. As shown in Figure 23 in Annex E, non-recipients (58.2%) and women (78.2%) are more likely to receive their full wage.

Figure 14: Proportion of apprentices paid by employer during technical training by selected group (N=1,825)



Source of information: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019


²³ A high percentage of hairstylists pay for their tuition at private colleges and receive their technical training before registering as apprentices. Therefore, they would not qualify for the Canada Apprentice Loan or employment insurance. The sample size for Hairstylists and cooks is also low so we have to be careful with the inference on these results.

²⁴ A high percentage of cooks receive technical training on a day release model. Therefore, they would not qualify for the Canada Apprentice Loan or employment insurance.



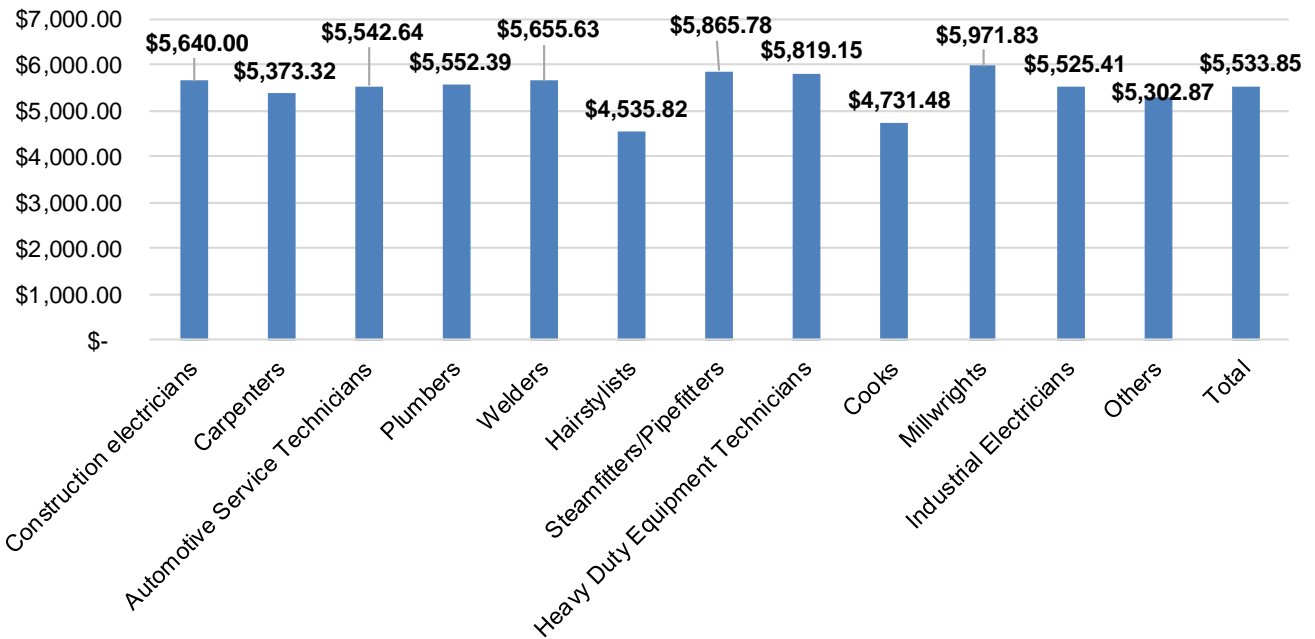
KEY FINDINGS - DEBT

On average an apprentice has \$5,534 of debt during training and there are variations in terms of debt level by trade groups.



- Figure 15 shows that that hairstylists (\$4,536) and cooks \$4,731 have the lowest amount of debt among trade groups. Millwright is the trade group taking on the most debt with an average debt per apprentice of \$5,972. They are followed by steamfitters/pipefitters and heavy duty equipment technicians who take an average of \$5,866 and \$5,819 in debt respectively.
- The difference in the amount of debt taken by these trade groups relative to the national average is statistically significant.²⁵ The eligibility requirement that apprentices in some trades have may be driving these differences in the level of indebtedness (i.e. hairstylists and cooks).
- Figure 26 in Annex E indicates that men tend to take on more debt than women.²⁶

Figure 15: Total Amount of Debt by Top 10 Red Seal Trades Group



Source: ESDC, Canada Apprentice Loan Administrative Data

²⁵ A simple t-test to test the significance of the difference between the amount of debt owed these trade groups and the national average showed a p-value below 0.001.

²⁶ A simple t-test to test the significance of the difference between the amount of debt owed by men and women showed a p-value below 0.001.



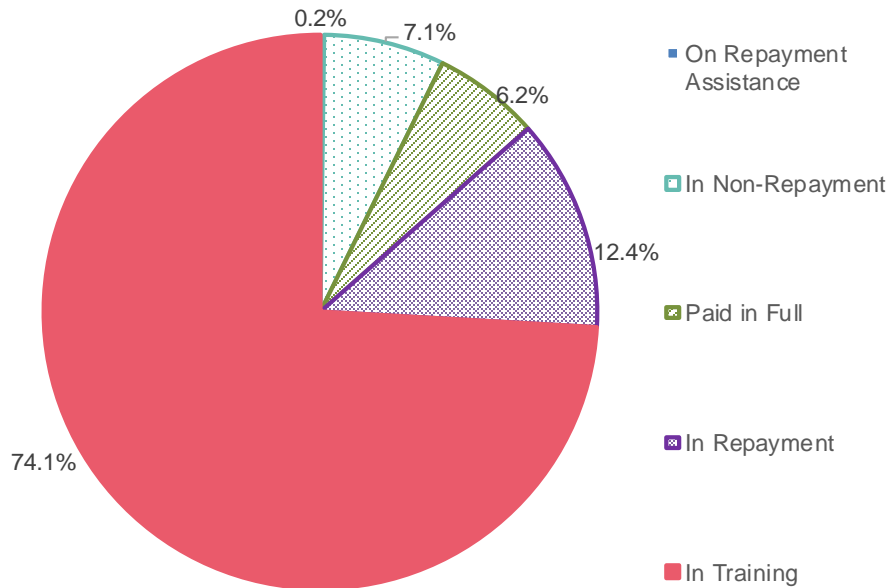
KEY FINDINGS - REPAYMENT

At the end of 2017, a little more than 12% of all the recipients were repaying their loan. Another 6.2% of them had repaid their loan in full.



- Figure 16 indicates the status of loan recipients, as of December 31, 2017²⁷ :
 - the majority of apprentices (74%) were still in training
 - another 7% of the apprentices were still within the six months post training period where repaying the loan was not required.
- Figure 29 in Annex E also indicates that that 71.8% of the recipients surveyed who have either completed or discontinued their training are in repayment. About a fifth of apprentices still in training (20.6%) are repaying their loans.
- Many recipients (81.6%) start repaying their loan before the end of their first year after training completion. About 10% of recipients start repaying their loan before completing their training as shown in Figure 30 in Annex E.

Figure 16: Status of the loan for all the recipients at the end of calendar year 2017



Source: ESDC, Canada apprentice Loan Administrative Data

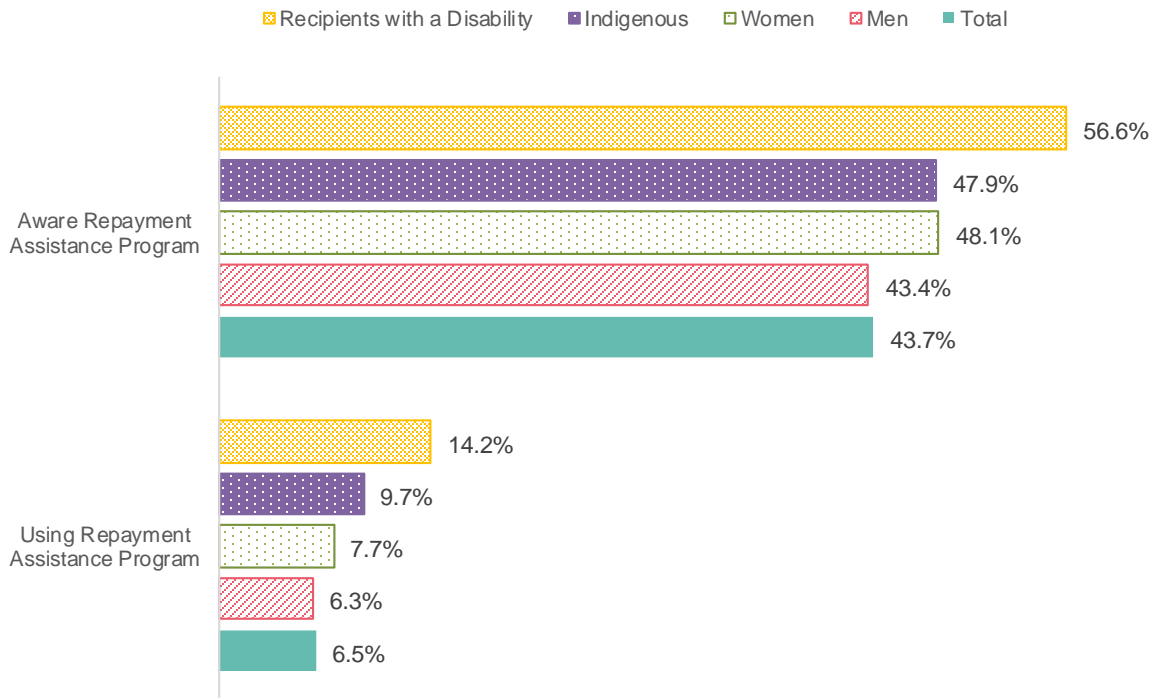
²⁷ The administrative data used for the analysis included data for calendar years 2015 to 2017. This is why the loan status (i.e. In repayment) is at the December 31, 2017 point.

KEY FINDINGS - REPAYMENT

Less than half of recipients who have completed their apprenticeship are aware of the Repayment Assistance Program.

- Figure 17 shows that 43.7% of recipients who have completed their apprenticeship are aware of the Repayment Assistance Program. Awareness is higher among women (48.1%), Indigenous recipients (47.9%) and recipients with a disability (56.0%).
- Figure 17 also shows that 6.5% of recipients in repayment are using the Repayment Assistance Program.²⁸ This program tends to be utilized more by women (7.3%), Indigenous recipients (9.7%), recipients with a disability (14.2%).

Figure 17: Proportion of loan recipients who have completed the apprenticeship program and are aware of the Repayment Assistance Program and using the Repayment Assistance Program (N=589)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019

²⁸ Note that estimates for this slide come from the surveys and come with a margin of error shown in Annex B while estimates from the next slide come from the administrative data. This explains the small discrepancy between the percentage of recipients using the Repayment Assistance Program.

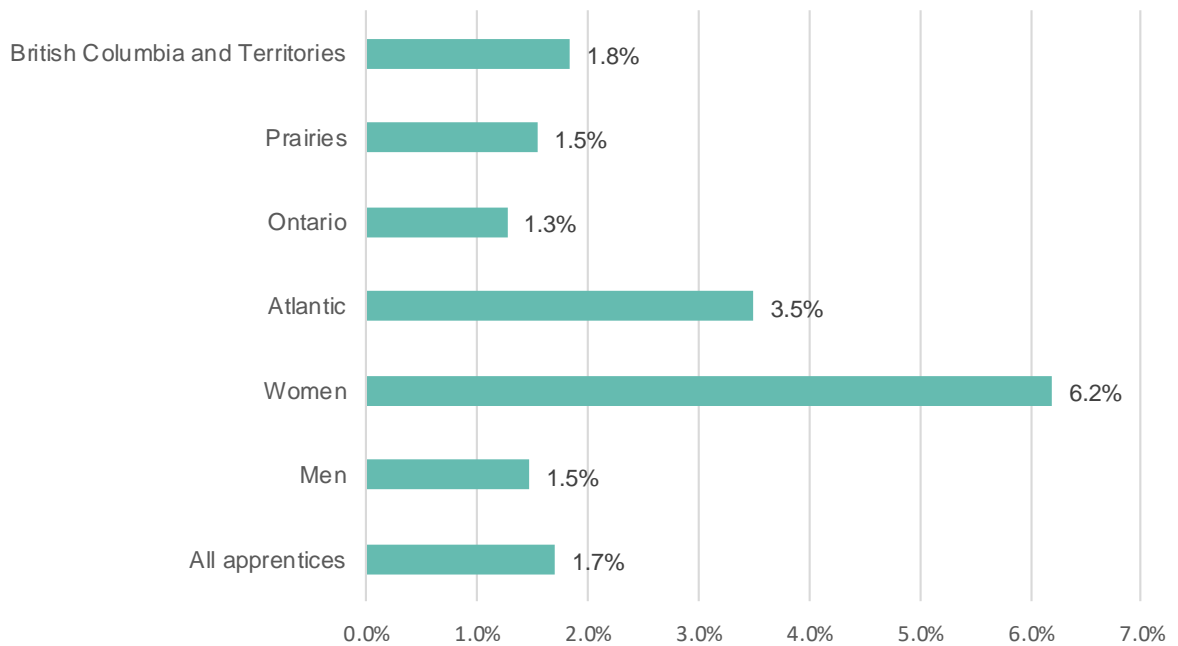


KEY FINDINGS - REPAYMENT

Various subgroups are in greater need of assistance when it comes time to repay their loan. This is likely due to lower earnings upon completing apprenticeship training.

Figure 18 shows that a higher proportion of women in repayment (6.2%) compared to 1.5% of men in repayment use the repayment assistance program.²⁹ A higher proportion of apprentices from the Atlantic are relying on the repayment assistance program. A higher proportion of hairstylists (30.0%) and cooks (6.4%) are using the repayment assistance program as seen in Figure 31 in Annex E.

Figure 18: Proportion of recipients in repayment using the Repayment Assistance Program



Source: Canada Apprentice Loan administrative data.

²⁹ Note that estimates for this slide come from the administrative data of the program while estimates from the previous slide come from the surveys. This explains the small discrepancy between the percentage of recipients using the Repayment Assistance Program.

CONCLUSIONS

Conclusions

Despite the program being in the developmental stages, the findings indicate a need for the program. Importantly, various lines of evidence confirm that the loan contributes to the apprentices completing their training.

The program does not have an objective to use the loan as an incentive to join an apprenticeship program. However, it was observed that only one third of apprentices are aware of the loan prior to registering. Increasing awareness of the loan and its measures may contribute to higher levels of take-up than seen between 2015 and 2017.

Apprentices are making use of other federal government supports, such as the Apprenticeship Grant and Employment Insurance. Only 4.0% using the Canada Apprenticeship Loan on its own.

The program is still in developmental stages and a majority of the apprentices are still in training. Therefore, assessing debt levels and repayment of the loan in this evaluation was formative in nature. Once the apprentices are no longer in training and the program has identified benchmarks related to take-up and repayment timelines, a more comprehensive conclusion about these elements can be reported.



RECOMMENDATION

Recommendation

1. The program should focus on increasing awareness of the loans among underrepresented groups both in terms of promotion of the program and in terms of providing clarity about its principal features so more apprentices that are in need can benefit.

Consideration

1. The Canada Apprenticeship Loan is only one part of a broader suite of federal support measures for apprenticeships. The department should consider how the loan links into a broader Apprenticeship Strategy.



MANAGEMENT RESPONSE / ACTION PLAN

Recommendation #1:

The program should focus on increasing awareness of the loans among underrepresented groups both in terms of promotion of the program and in terms of providing clarity about its principal features so more apprentices that are in need can benefit.

Management Response and Action Plan

The program agrees that increasing CAL awareness and promotion to those individuals that would benefit from the apprenticeship loan will improve the uptake and provide the required supports needed to underrepresented groups.

Actions Planned	Anticipated Completion Date
1.1 The department will include the Canada Apprentice Loan as part of the ongoing development of the Apprenticeship Strategy, which could include raising awareness of ESDC’s apprenticeship supports.	Continuous

Consideration #1:

As the Canada Apprenticeship Loan is only one part of a broader suite of federal support measures for apprenticeships, the Department should consider how the loan links into a broader Apprenticeship Strategy.

Management Response and Action Plan

The department agrees and supports the need to include the Canadian Apprenticeship Loan as part of a broader Apprenticeship Strategy.

Actions Planned	Anticipated Completion Date
1.1 The department acknowledges this consideration.	Continuous



Annex A: Evaluation Questions/Lines of Evidence

Evaluation Questions	Lines of Evidence
<p>1) Whether there is a need for the Canada Apprentice Loan, given existing apprentice support measures, the cost of technical training, and overall apprenticeship program costs,</p> <ul style="list-style-type: none"> a) To what extent do apprentices continue to be paid by their employer during their technical training? b) To what extent do loans meet the needs of the different sub-populations of apprentices? c) Are there other ways of providing support to apprentices during the technical training period that would better meet the needs of apprentices? 	<p>Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data, Surveys.</p>
<p>2) The extent to which the Canada Apprentice Loan participation and the take-up matched expectations.</p> <ul style="list-style-type: none"> a) What is the Canada Apprentice Loan participation and take-up rate by jurisdiction, gender, trade, year of program, etc.? 	<p>Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data</p>
<p>3) The timing for loans application as well as the number of applications by apprentices over their apprenticeship program.</p>	<p>Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data, Surveys and Linked Registered Apprenticeship Information System with Employment and Social Development Canada administrative database.</p>
<p>4) The extent to which the Canada Apprentice Loan loans are used to cover the cost of technical training and other related expenses such as tools, additional living expenses, etc.</p>	<p>Surveys.</p>

Annex A: Evaluation Questions/Lines of Evidence (Continued)

Evaluation Questions	Line of Evidence
5) To what extent are Canada Apprentice Loan borrowers using Repayment Assistance Plan during the first year after being required to start repayment?	Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data, Surveys.
6) To what extent is it possible to isolate the impact of the Canada Apprentice Loan on the number of apprentices who complete their apprenticeship training?	Linked Registered Apprenticeship Information System with Employment and Social Development Canada administrative database.
7) What is the overall amount of debt of Canada Apprentice Loan borrowers by jurisdiction, gender, etc.?	Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data.
8) To what extent are Canada Apprentice Loan loans being repaid? a) To what extent are Canada Apprentice Loan borrowers required to start repaying their loans upon completion of their apprenticeship program compared to other reason? b) How does this vary by type of apprenticeship trade? c) To what extent are Canada Apprentice Loan borrowers repaying their entire loan within one year after being required to start repayment?	Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data, Surveys.

Annex A: Evaluation Questions/Lines of Evidence (Continued)

Evaluation Question	Lines of Evidence
<p>9) To what extent are apprentices using other financial support such as the Apprenticeship Incentive Grant, Employment Insurance benefits, and/or provincial/territorial financial assistance to cover the costs associated with technical training costs and overall apprenticeship program costs?</p>	<p>Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance administrative data, Surveys.</p>
<p>10) The impacts of the service delivery strategy in delivering the Canada Apprentice Loan.</p> <ul style="list-style-type: none"> a) To what extent are Canada Apprentice Loan loan recipients satisfied with the service delivery? b) Is there any barrier that prevents apprentices from applying for and receiving loans? c) To what extent are Canada Apprentice Loan loans being delivered in a timely fashion? 	<p>Surveys</p>
<p>11) The extent to which apprentices and stakeholders (e.g. career counsellors, unions, industry associations, etc.) are aware of the Canada Apprentice Loan and its features.</p>	<p>Surveys</p>

Annex B: Evaluation Approach

Limitations

1. The impact study used for this evaluation suffered from an omitted variable bias. It likely overestimated the impact of the loan on the completion of an apprenticeship. For that reason, the key findings reported mention contribution of the program rather than impact.
2. The Canada Apprentice Loan was introduced in 2015 and is a relatively new program which has not reached maturity. In addition, given that most (74.2%) of the recipients are still in apprenticeship training, assessment of repayment and impacts on the loan are limited. Efforts to filter out those in training in the analysis were made to respond to the evaluation questions. This sometimes resulted in a low sample size.
3. The lack of indicators on some outcomes such as take-up rate or time to fully repay the loan make it difficult to assess whether the benchmarks were achieved or not.
4. The variable for Canada apprentice Loan eligibility was not available in the Registered Apprenticeship Information System (RAIS). In that case, the evaluation had to rely on several proxies. This was done to estimate the take-up rate and the impact of the loan on completion leading to less precise estimates.
5. Sample size for groups of apprentices such as women and Indigenous apprentices were too small to disaggregate the analysis. It also did not allow for a comprehensive Gender Based Analysis+ analysis.

Annex B: Evaluation Approach (Continued)

LINES OF EVIDENCE AND METHODOLOGY

Administrative Data Analysis

The database used for this study contains and links information on apprentices from three sources:

- Canada Apprentice Loan (CAL) administrative data;
- Apprenticeship Incentive Grant (AIG) and Apprenticeship Completion Grant (ACG) administrative; and
- Employment Insurance (EI) administrative data pertaining to apprentices.

These three files contains data on apprentices between calendar year 2015 and 2017.

Surveys

The database used for this study contains information on apprentices from two surveys:

Random survey of Canada Apprentice Loan recipients

Interview Method: Online and telephone

Sample Selection: Stratified random sample

Time of the Survey: March 18, 2019 to June 2, 2019

Sample size: n = 968

Approximate error rate (theoretical): + 3.1%, 19 times out of 20

Random survey of Canada Apprentice Loan eligible non-recipients

Interview Method: Telephone and online

Sample Selection: Stratified random sample

Time of the Survey: March 18, 2019 to June 2, 2019

Sample size: n = 853

Approximate error rate (theoretical): + 3.3%, 19 times out of 20

Annex B: Evaluation Approach (Continued)

Integrated RAIS-ESDC Data Analysis

The RAIS-ESDC database contains information on apprentices from four sources:

1. Apprenticeship Incentive Grant (AIG) and Apprenticeship Completion Grant (ACG) administrative data;
2. Canada Apprentice Loan administrative data;
3. Employment Insurance administrative data on apprentices; and
4. Registered Apprenticeship Information System (Statistics Canada).

Depending on the personal identification information available, the integration of data are done using iterations of several deterministic and probabilistic record linkage methods. A standard probit and a nearest-neighbour matching algorithm applied to an average treatment effect are estimated to assess the impact of the loan:

- on the probability of completing an apprenticeship; or
- on the probability of discontinuing an apprenticeship.

To ensure the group that received Canada Apprentice Loan could be adequately compared to those not receiving the Canada Apprentice Loan, the groups were matched using the following variables:

- Number of Canada Apprentice Loan used during apprenticeship training;
- Stage during the apprenticeship when the Canada Apprentice Loan were used;
- Gender;
- Trade groups;
- An interaction term of Gender and Trade groups (e.g. Gender*Trade groups);
- Age (at Apprenticeship registration date) in age groups;
- Province;
- Indigenous status;
- Number of technical levels required or program duration;
- Program duration proxied by the number of technical training period required;
- Number of technical training period completed to day;
- Proportion of Apprenticeship training completed to day in categories;
- Number of years since registration to apprenticeship;
- Receipt of Level 1 Apprenticeship Incentive Grant;
- Receipt of Level 2 Apprenticeship Incentive Grant;
- Receipt of Apprenticeship Completion Grant;
- Number of Canada Apprentice Loans received during apprenticeship training;
- Receipt of Employment Insurance during apprenticeship training;
- Number of Employment Insurance claims during apprenticeship;
- Individual earnings up-to 5 years prior to apprenticeship training;
- Family income up-to 5 years prior to apprenticeship training; and
- Receipt of Employment Insurance benefits up-to 5 years prior to apprenticeship training.

ANNEXES

Annex C: Description of the Program

Introduced in 2015, the Canada Apprentice Loan is designed to help registered Red Seal apprentices cover the costs related to their apprenticeship. The program offers interest-free loans to help registered apprentices cope with the cost of their training. The Canada Apprentice Loan assists more apprentices in completing their training and encourages more Canadians to consider a career in the skilled trades. The table below outlines the program's objectives, delivery and activities.

CANADA APPRENTICE LOAN

Program Objective

The objective of the Canada Apprenticeship Loan is to offer interest-free loans to help registered apprentices with the cost of their training. The Canada Apprentice Loan is designed to:

- assist more apprentices in completing their training; and
- encourage more Canadians to consider a career in the skilled trades.

Delivery

The program relies on collaboration and coordination between multiple bodies. The Canada Apprentice Loan Service Centre handles:

- the administrative responsibilities of processing loan applications; and
- maintaining records during the borrowing and repayment periods. Public Services and Procurement Canada handles the disbursement of Canada Apprentice Loan funds. The Canada Revenue Agency is responsible for collections when Canada Apprentice Loans are in default. Technical training providers must confirm enrolment status in technical training periods before loans can be disbursed. The relevant province/territory must confirm registration status in an apprenticeship program for an apprentice to maintain eligibility for interest-free status.

Funding

In loan year 2015 to 2016, a total of 16,429 apprentices borrowed from the Canada Apprentice Loan, leading to disbursements totaling \$69.4 million.

Funded Activities

The Canada Apprentice Loan was designed to assist apprentices with the costs of completing periods of technical training required by their program, including:

- educational fees;
- Tools; and
- equipment, living expenses and forgone wages.

Eligible Recipients

Apprentices in a designated Red Seal trade who go on technical training in a block-release are eligible. Apprentices from Quebec are not participating in block-release training so they are not eligible for the Canada Apprentice Loan.

ANNEXES

Annex C: Description of the Program

CANADA APPRENTICE LOAN

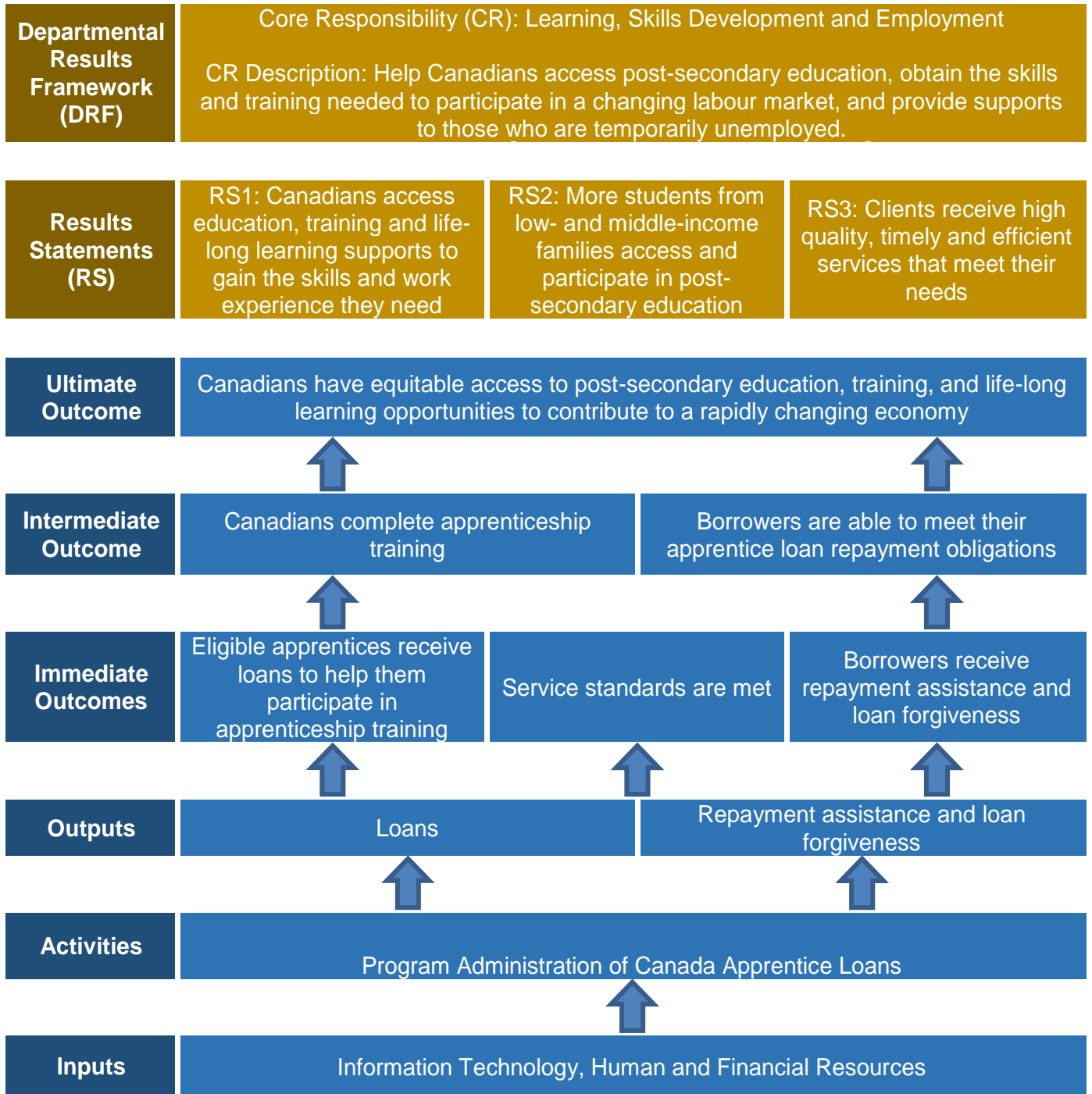
Participants

Participants are defined as all apprentices in a designated Red Seal trade who are attending a technical training in a block release or the equivalent full-time technical training. These are defined by the applicable provincial or territorial apprenticeship authority.



ANNEXES

Annex D: Logic Model



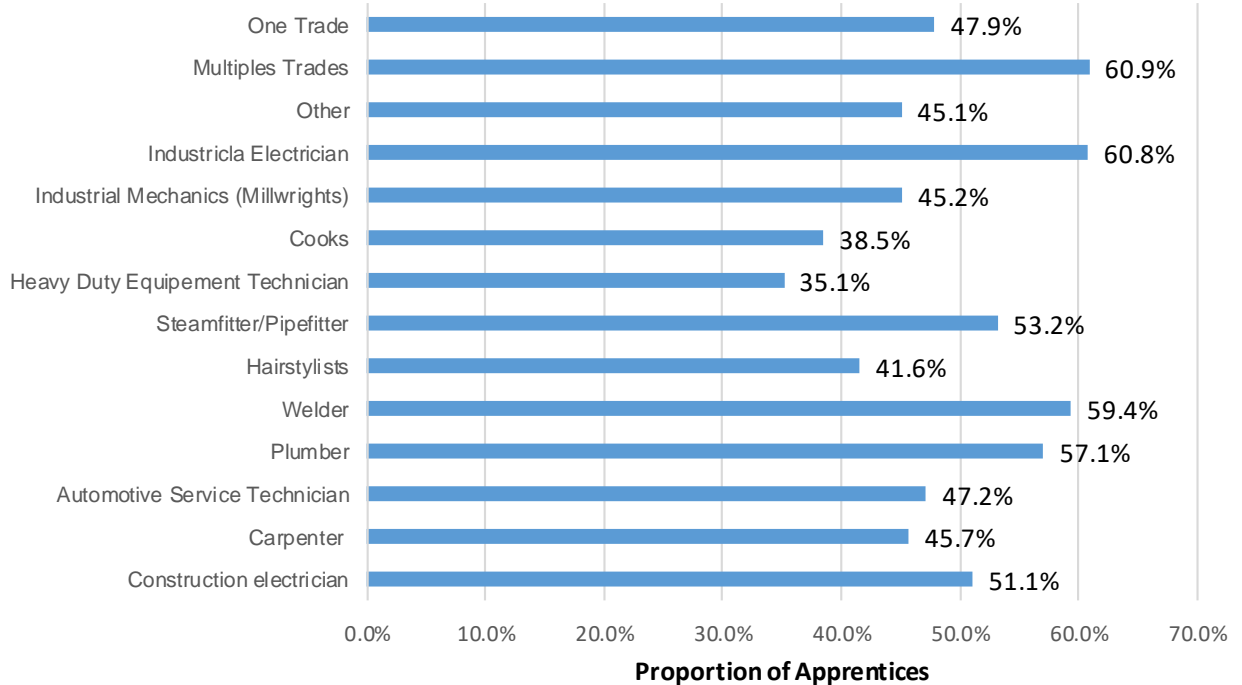
ANNEXES

Annex E: Additional figures and tables

Table 4: Canada Apprentice Loans by Calendar Year

	Calendar Year				
	2015	2016	2017	2018	2019
Number of Canada Apprentice Loans	16,400	17,800	15,400	14,500	13,400
Number of Canada Apprentice Loan Recipients	14,800	15,900	13,800	13,300	12,400
Amount of Canada Apprentice Loans (millions of dollars)	\$63.0	\$69.0	\$59.5	\$56.2	\$52.1

Figure 19: Proportion of Apprentices who had difficulty making ends meet during technical training.

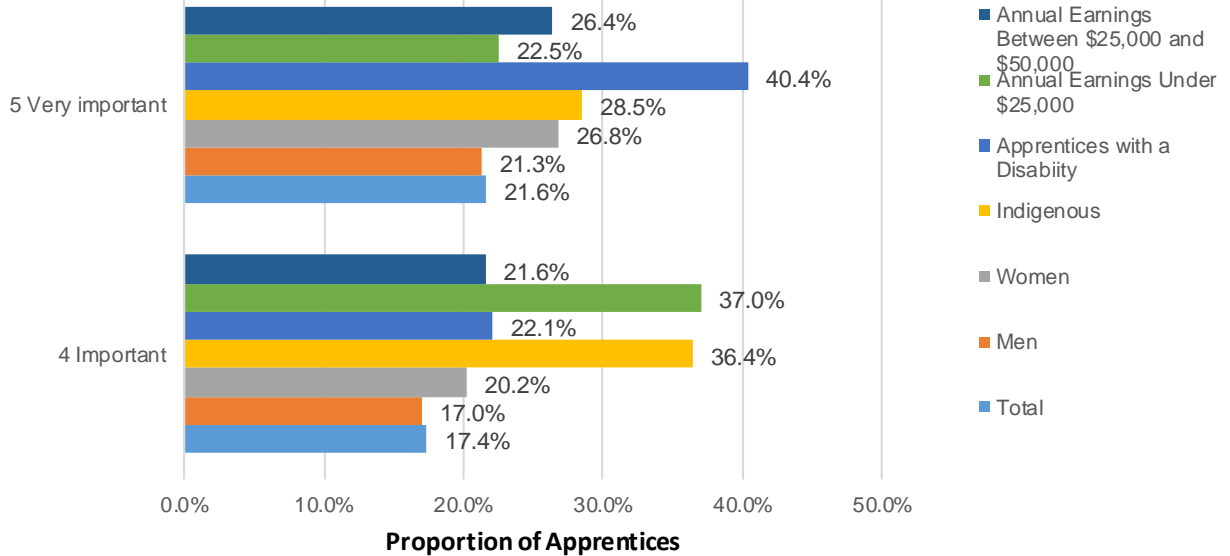


Source of information: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019



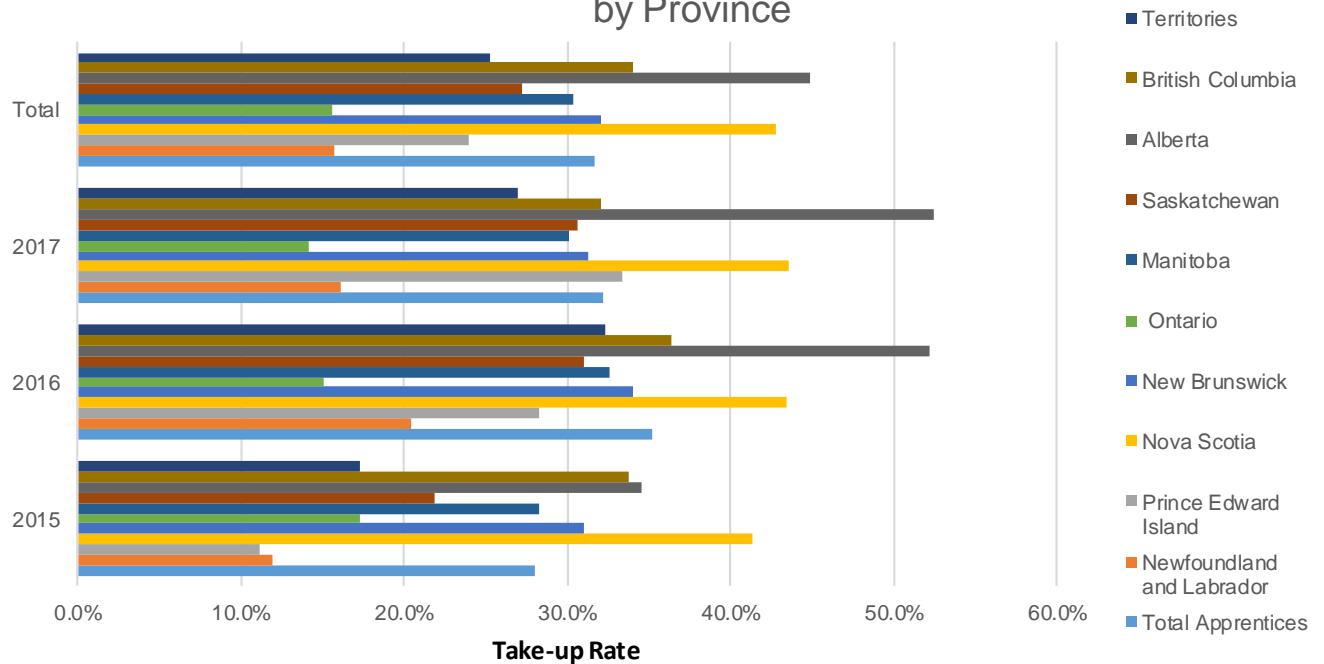
Annex E: Additional figures and tables (continued)

Figure 20: How Important Does Knowing About the Canada Apprentice Loan Contribute to Your Decision to Become an Apprentice? (N=564)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

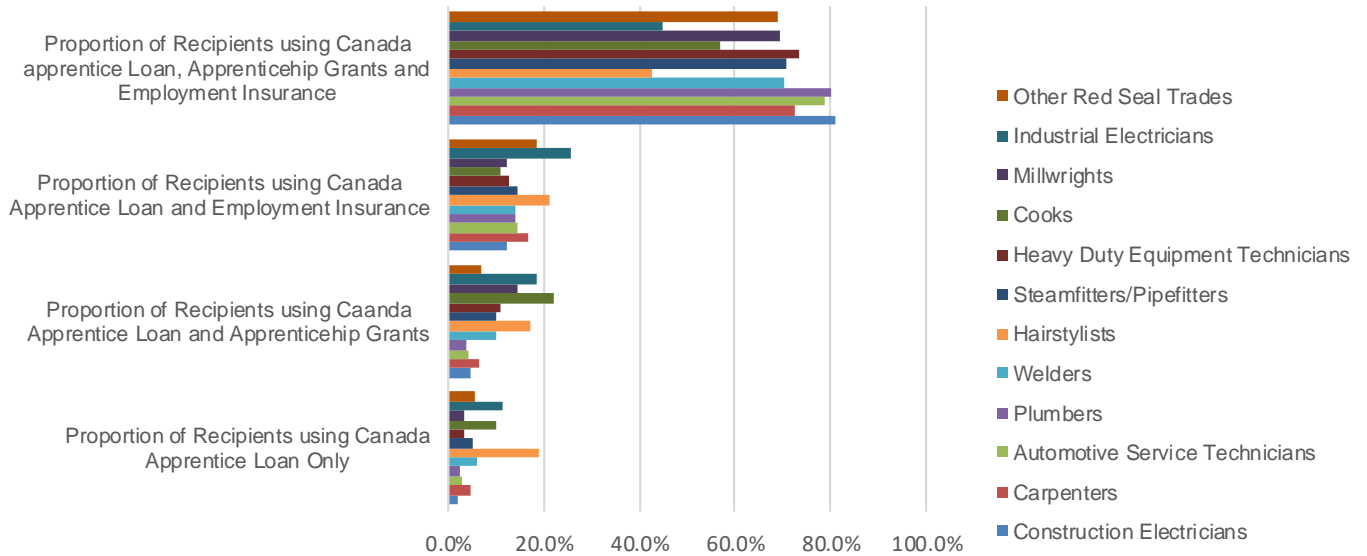
Figure 21: Estimated Take-up rate for Canada Apprentice Loan by Province



Source: ESDC, Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance Administrative Data.

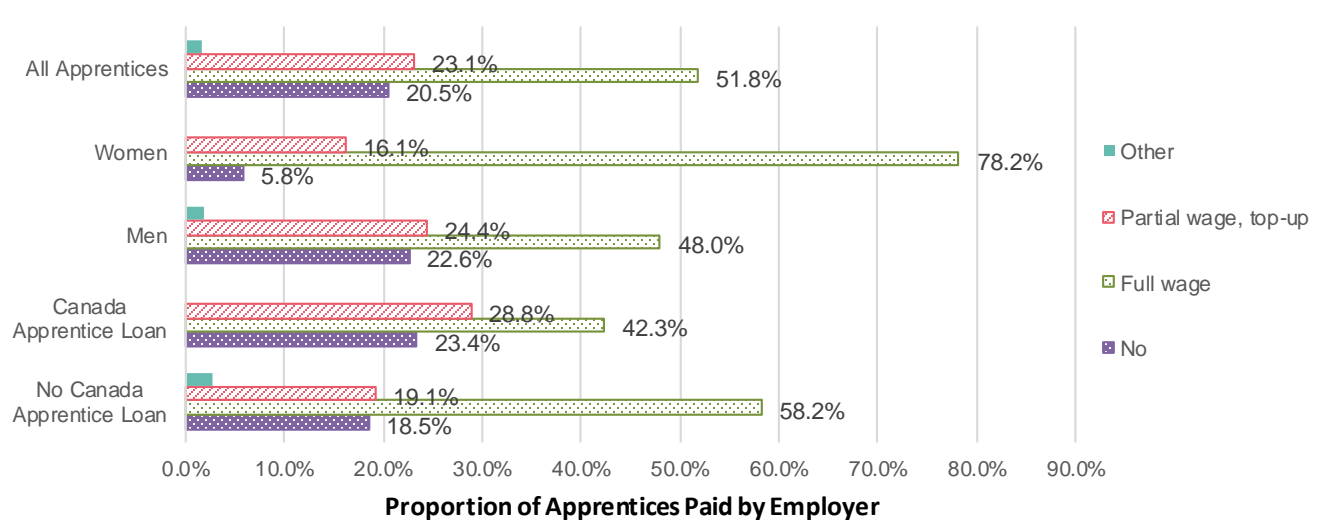
Annex E: Additional figures and tables (continued)

Figure 22: Proportion of loan recipients receiving support from other Federal support measures for apprentices by trade groups



Source: ESDC, Linked Canada Apprentice Loan, Apprenticeship Grants and Employment Insurance Administrative Data

Figure 23: Does the employer pay full wage, partial wage of other type of payment by selected group (N=198)?



Source of information: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019

ANNEXES

Annex E: Additional figures and tables (continued)

Table 5: Thinking more generally about your experience, what else could governments do to help support apprentices during their training?

Suggested additional support	Non-recipients		Canada Apprentice Loan Recipients		Total	
	N	%	N	%	N	%
More grants/funding	91	11.3%	122	12.1%	214	11.6%
Reduce the costs of apprenticeship	38	4.6%	39	3.7%	75	4.1%
Solve issues with Employment Insurance - shorter waiting period, access	96	11.8%	84	8.3%	180	9.9%
Increase Employment Insurance amount	39	4.7%	50	5.0%	89	4.9%
Structural changes to apprenticeship (ratios, help finding a job, interprovincial transfer, women in trades)	31	3.8%	27	2.7%	58	3.2%
Employer involvement (release time / incentives / job security)	15	1.8%	19	1.9%	34	1.9%
School training related (better teachers, courses, course offerings, locations, timing)	44	5.4%	32	3.2%	76	4.2%
Help for those financially vulnerable (single mom, low income family)	20	2.5%	31	3.1%	51	2.8%

Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

ANNEXES

Annex E: Additional figures and tables (continued)

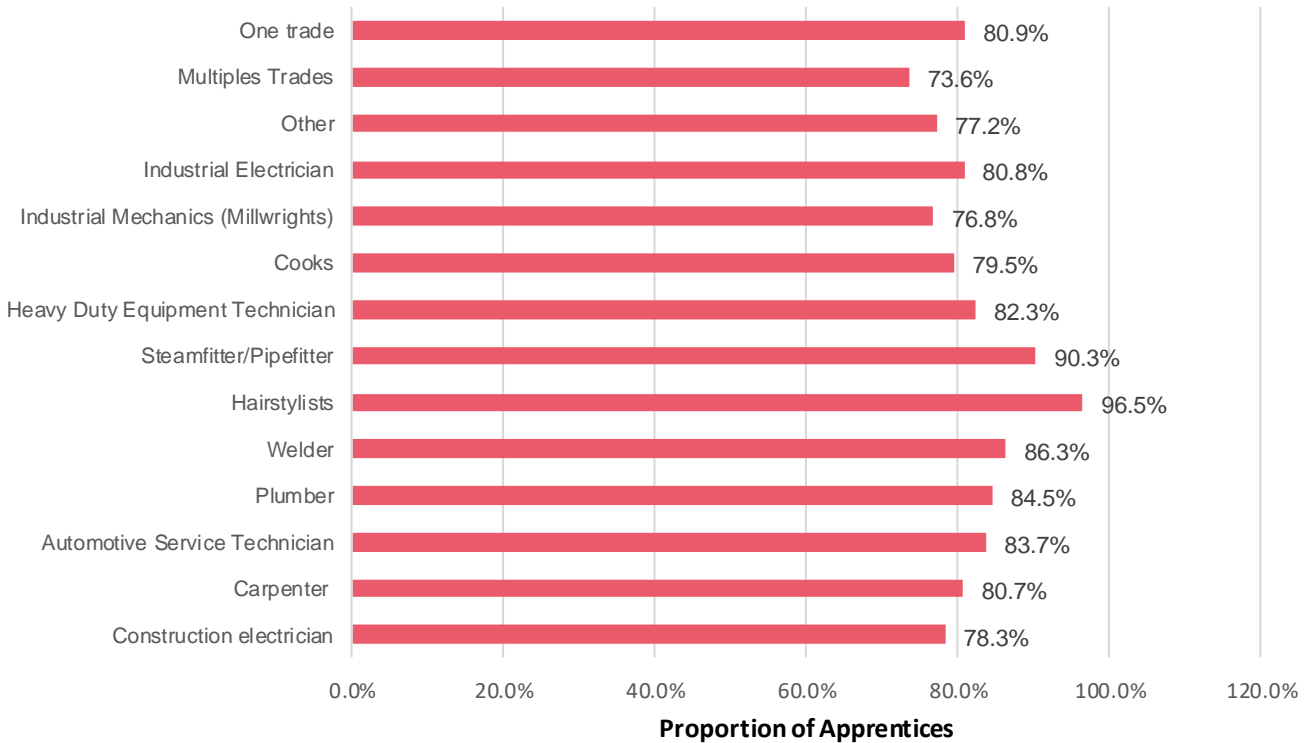
Table 6: Average Number of Loans Taken by Different Groups of Recipients

Demographic variable	Number of observations	Mean # of loans	Difference	P-Value	[95% Conf.	Interval]
All apprentices	1,113	1.75	n/a	n/a	1.68	1.82
Women	316	1.70	- 0.06	0.36	1.59	1.81
Indigenous	109	1.68	- 0.08	0.54	1.45	1.92
Disabled	43	1.83	0.09	0.72	1.36	2.31
18 to 24 years old	162	1.64	- 0.13	0.17	1.47	1.82
25 to 29 years old	361	1.77	0.01	0.84	1.65	1.88
30 to 39 years old	389	1.76	0.01	0.94	1.65	1.87
40 years old and older	163	1.85	0.11	0.29	1.66	2.03
Under \$25,000 annual income	47	1.66	- 0.11	0.57	1.29	2.03
\$25,000 to \$50,000 annual income	239	1.91	0.18	0.06	1.73	2.08
\$50,000 to \$75,000 annual income	307	1.88	0.17	0.03	1.75	2.01
\$75,000 to \$100,000 annual income	219	1.64	- 0.16	0.03	1.51	1.76
\$100,000 to \$150,000 annual income	150	1.65	- 0.13	0.13	1.49	1.81
Over \$150,000 annual income	49	1.50	- 0.28	0.04	1.23	1.76

Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

Annex E: Additional figures and tables (continued)

Figure 24: Proportion of recipients indicating that the loan was important in helping them covering the cost of the apprenticeship training by trade groups (N=1,083)

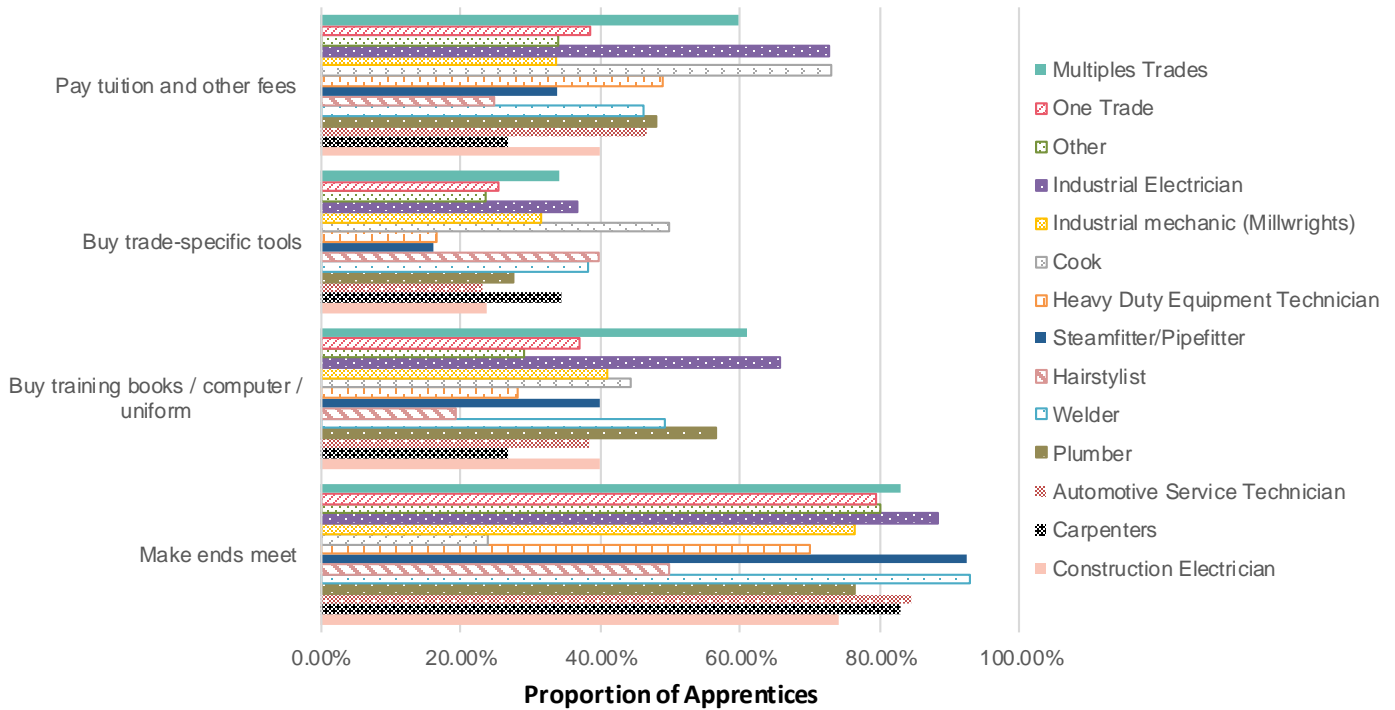


Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients



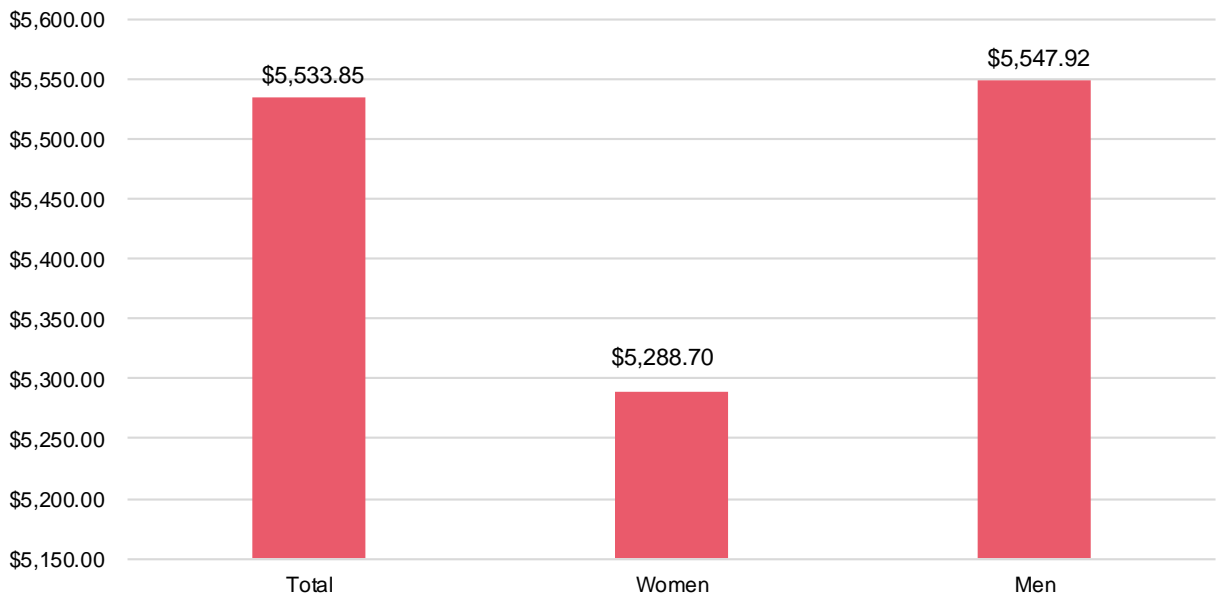
Annex E: Additional figures and tables (continued)

Figure 25: Use of Canada Apprentice Loan by trade (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

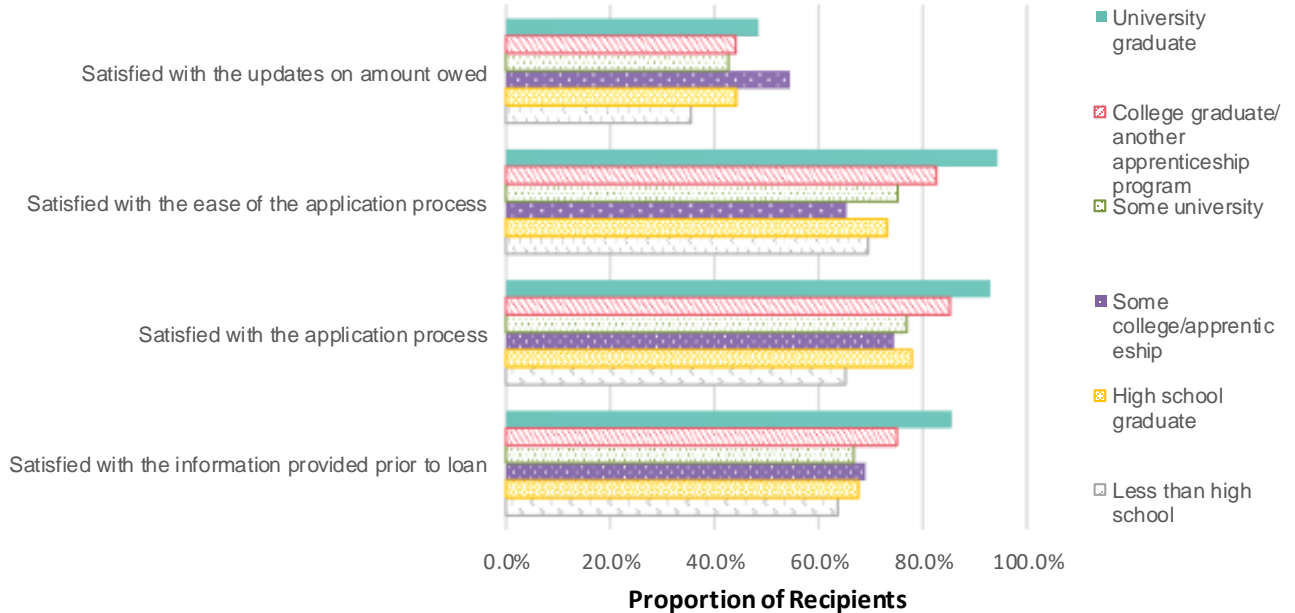
Figure 26: Total amount of debt by gender



Source: ESDC, Canada Apprentice Loan Administrative Data

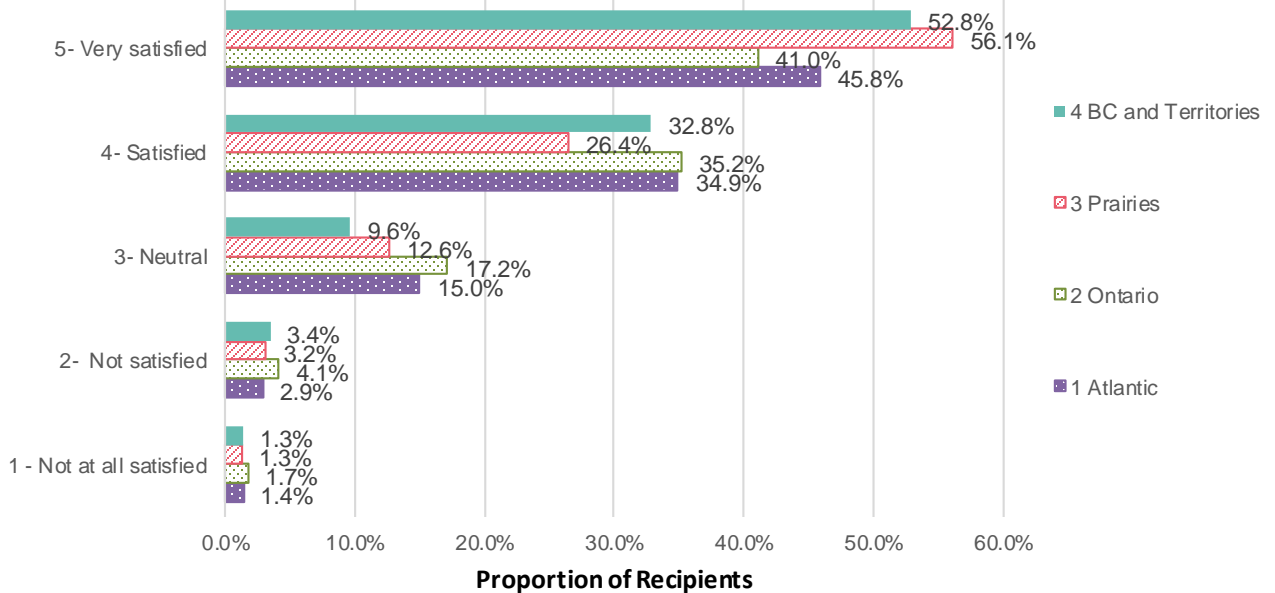
Annex E: Additional figures and tables (continued)

Figure 27: Level of satisfaction of Canada Apprentice Loan recipients with service delivery by education level (N=1,111)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

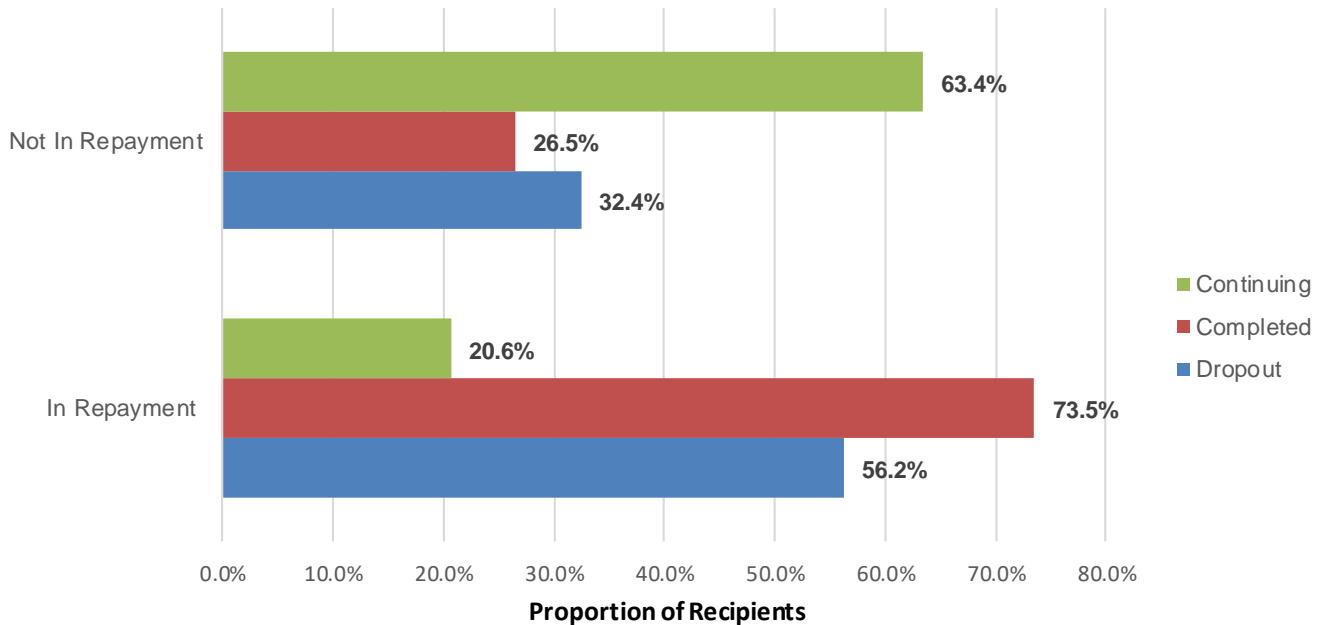
Figure 28: Timeliness of the loan by region (the time from application to receipt). (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

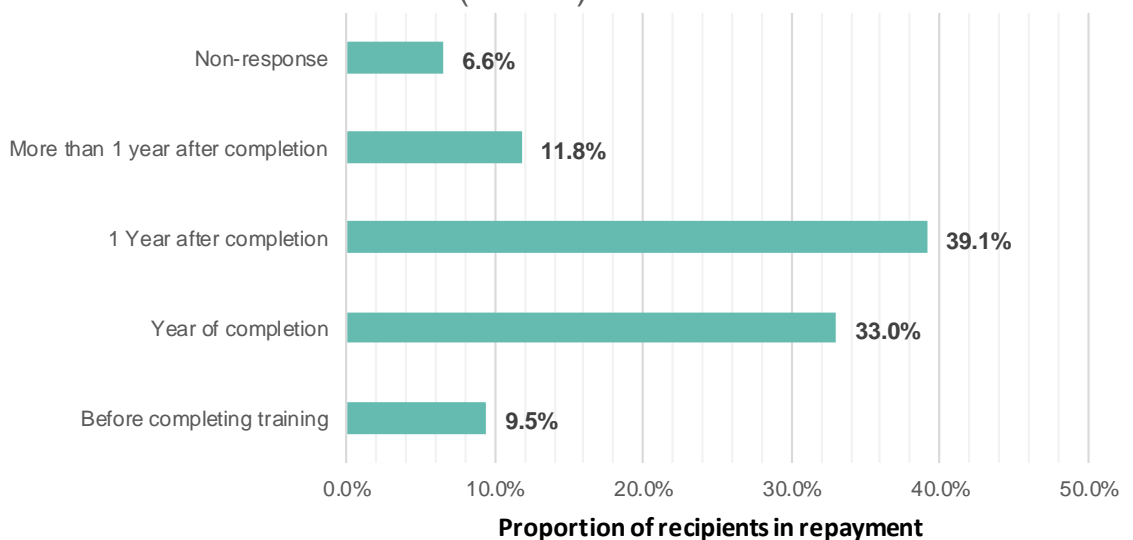
Annex E: Additional figures and tables (continued)

Figure 29: Percentage of Recipients in Repayment by Status of their Apprenticeship (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

Figure 30: Stage at which recipients start repaying their loan (N=354)

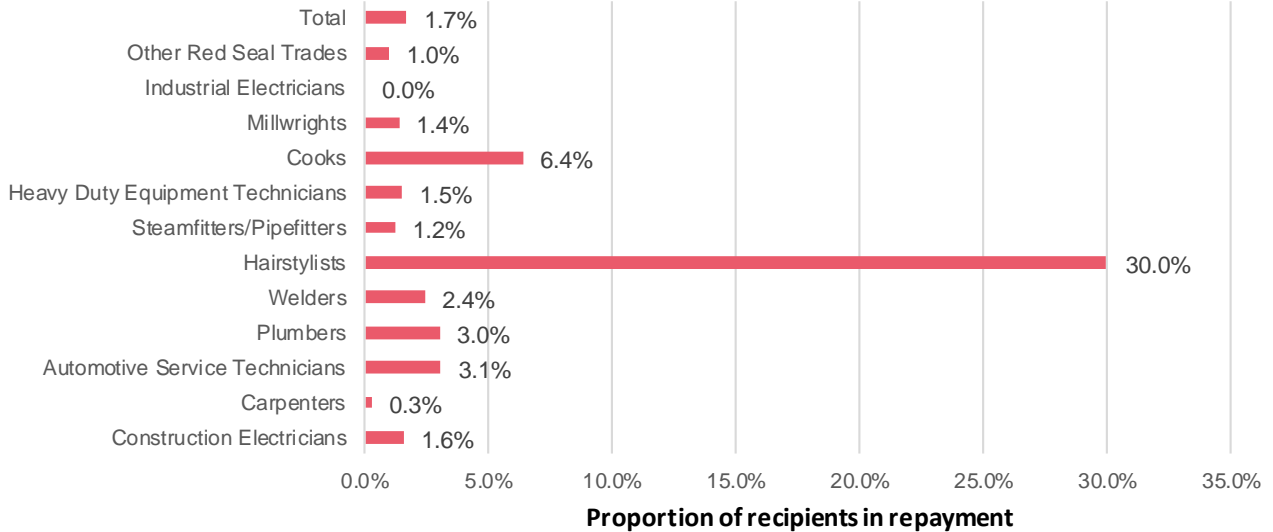


Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.



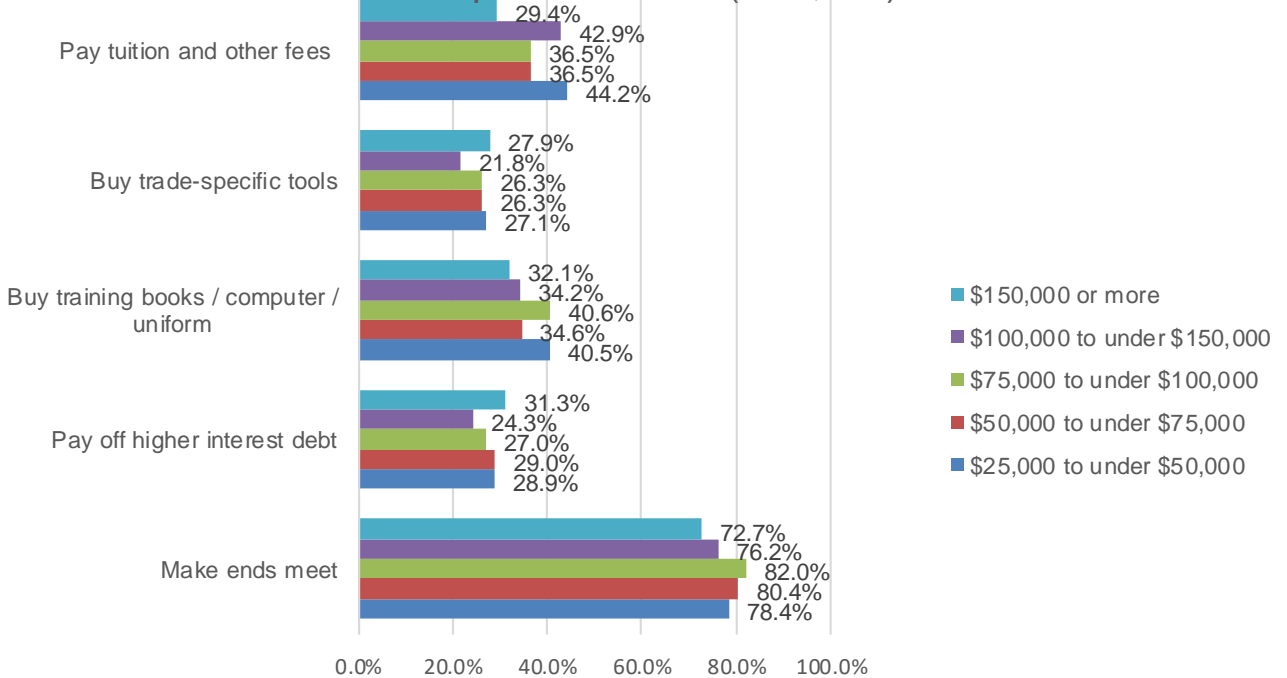
Annex E: Additional figures and tables (continued)

Figure 31: Proportion of loan recipients in repayment using the Repayment Assistance Program



Source: ESDC, Canada apprentice Loan Administrative Data

Figure 32: Proportion of recipients that used the loan toward these specific items (N=1,083)



Source: ESDC-PRA Inc. Survey of Canada Apprentice Loan recipients and eligible non-recipients 2019.

Annex E: Additional figures and tables (continued)

Table 7: Estimates from a Probit Model with Completion as the Dependent Variable by Gender

Parameter	All Apprentices	Men	Women
Number of apprentices	114,685	100,080	14,711
Used the Canada Apprentice Loan (any number of loans)	0.96***	0.93***	0.50
Standard Errors	(0.128)	(0.124)	(0.524)
Number of Loan Used per apprentices	-0.37***	-0.34***	-0.27
Standard Errors	(0.121)	(0.117)	(0.516)

Note: *** Significant at the 1% confidence level. ** Significant at the 5% confidence level. * Significant at the 10% confidence level.
 Source: Registered Apprenticeship Information System, Apprenticeship Grants and Employment Insurance administrative data

Table 8: Estimates from a Nearest-Neighbour Matching Model with Completion as the Dependent Variable

Parameter	All Apprentices	Compulsory Trades	Voluntary Trades
Number of Observations	451,914	226,357	225,557
Used CAL (pp.)	18.2***	15.7***	17.8***
Standard Errors	(0.012)	(0.041)	(0.019)
One Loan Used (pp.)	25.3***	23.5***	25.3***
Standard Errors	(0.006)	(0.007)	(0.009)
Two Loans Used (pp.)	31.7***	37.1***	18.8***
Standard Errors	(0.023)	(0.16)	(0.064)
Three Loans Used (pp.)	8.7	-10.6	49.0***
Standard Errors	(0.090)	(0.112)	(0.013)

Note: *** Significant at the 1% confidence level. ** Significant at the 5% confidence level. * Significant at the 10% confidence level.
 Source: Registered Apprenticeship Information System, Apprenticeship Grants and Employment Insurance administrative data