



# Briefing Note: Impact of COVID-19 Pandemic on Canada's Language Education Sector

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Last Updated: March 23, 2020

## ISSUE

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Canada's English and French language education sector – a critical segment of Canada's \$22 billion international education sector – is at risk of being decimated as a result of the COVID-19 pandemic. At greatest risk are the sector's 150 accredited private language schools, all Small and Medium Sized Enterprises (SMEs), located in over 100 communities across Canada.

Urgent government relief is needed from the federal government in the form of working capital grants for the next six months in order to prevent the permanent closure of many language schools in the coming months, the loss of jobs for the thousands of Canadians they employ, and to ensure that when the time comes they are ready to seek out and welcome the 150,000 international language students that drive the tourism and hospitality sectors in many of our communities. These same students are also a very important segment of the international students that go to study at our post-secondary institutions.

## BACKGROUND

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International language students at Languages Canada member programs are a critical part of Canada's \$22 billion international education. International students and their visiting families also contribute significantly to Canada's tourism and hospitality sectors.

International language students are an essential source of qualified students for Canada's universities and colleges; approximately 1 in 3 language students continue onto multiyear post-secondary programs in Canada (+40,000 each year.)

Language students are the best-integrated newcomers into Canada – language programs host them with Canadian families, teach them all about Canada, and allow them to build strong social networks – and are fundamental to addressing Canada’s labour force and immigration needs.

## CURRENT STATUS

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Languages Canada members rely almost 100% on students from abroad to fill their programs. The COVID-19 pandemic has essentially turned off the tap for inbound international language students to Canada.

Many international students who were enrolled in the winter and spring 2020 terms have opted to leave Canada to return to their home countries for the duration of the crisis.

Canada’s language programs receive the majority of their students in the summer months (June to August), and recruitment for the summer intake occurs from January to May. Programs are therefore not currently able to effectively recruit and enroll prospective international students; particularly given the timing of the COVID-19 crisis, Languages Canada members will not be able to generate even a fraction of the revenue that is typical of the peak summer period.

This is having an acute and immediate impact and threatens to decimate the sector for the longer term. Language schools are:

- Losing students and suffering a substantial drop in income;
- Planning to lay-off staff or already doing so;
- Not able to travel to promote programs for post-virus time, which will impact future student intakes, leading to an even longer period of reduced revenues.
- Even with layoffs, needing to meet the fixed cost of basic operations, of which the biggest is premium leasing space.

Projections of possible scenarios indicate that Canada’s language education sector will suffer up to 50% loss of export revenue in 2020. This impact will likely be most dire for smaller, boutique programs and those located outside of Canada’s major cities.

Canadians working in the language education sector and in support services (accommodation, tourism, finances, etc.) are being deeply and adversely affected, and it will take a long time for the sector to recover. **Without government support, the COVID-19 pandemic will result in permanent private school closures and losses in jobs, substantial export revenues, and the means to contribute meaningfully to Canadian education, immigration, and tax base.**

## FUTURE IMPACT

The impact on the sector will also be long term. When SARS occurred in 2003, the impact was substantial, with a number of language schools closing permanently and those surviving needing to rebuild. The impact of COVID-19 is projected to be much more significant. It is evident that without some support in the crucial next six months, the following is very possible:

WITHOUT FINANCIAL SUPPORT	WITH FINANCIAL SUPPORT
SARS forced the permanent closure of 10% of language schools. It is not unreasonable to expect that at least 25% of schools may go out of business as a result of COVID-19.	We expect that with financial support the number of programs that close could be kept to 10% or under.
Schools that remain open will be crippled and have little capital to invest in promotion and recruitment. Even access to borrowed capital will be challenging in a sector with very low margins – dedicating revenues to loan payments will substantially slow growth and recovery.	Schools will have much more accessible capital to invest in program re-launch, accelerating recovery to 2018/2019 levels by years.
Jobs will be lost for years.	Teachers and other staff will recover their previous positions.
Hospitality, tourism, and other Canadian industries that benefit from the 150,000 students will see a slower recovery.	Hospitality, tourism, and other Canadian industries will see a direct benefit from the accelerated recovery.
<p><b><u>Canada’s post-secondary education sector needs qualified language-ready students. Colleges and universities will suffer with fewer students prepared to enter programs.</u></b> Additionally, private sector schools are feeder pathway programs for colleges and universities – with a decimated sector an important distribution channel for post-secondary programs will be very adversely impacted.</p>	Canadian private-public pathway programs will remain far more robust and be an important element in recovery.

<p>Companies hiring foreign workers often cite language as a main barrier to qualified personnel. Foreign workers will have less access to quality language education to prepare them for the Canadian labour market.</p>	<p>Canada's language education sector will be ready to provide foreign workers with the English and French language skills that meet our labour market needs, and may even be able to support in recruiting targeted skilled workers.</p>
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## LANGUAGES CANADA IS DOING ITS PART

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We are doing our part, using our experience from SARS and our commitment to students, our members, and Canada. All our resources are now devoted to dealing with the impact of the pandemic on our sector. The board has approved a new plan for 2020 in three overarching phases:

1. HIBERNATION - ensure survival of as many members as possible
  - a. Orderly closing of operations and transition to virtual classes.
  - b. Best student support possible
  - c. Teachers and staff to go on EI
  - d. Obtain financial support for life-support operations for six months.
  
2. PREPARATION – plan for regaining 2018 levels in as short a time frame as possible
  - a. Given a 6-month closure of operations, prepare for re-launch of sector for September intakes.
  - b. Maintain members informed, connected, and supporting each other.
  - c. If possible, use opportunity to innovate and develop new offers and distribution channels.
  
3. RELAUNCH
  - a. Full blast recruitment drive, beginning with online, starting one month before restrictions suspended.

**Note: Languages Canada members are responding responsibly to the pandemic by implementing all necessary measures to flatten the curve of COVID-19. This includes: closing in-person classes; transitioning existing students to live virtual class delivery; working remotely; caring for students in every possible way; and being flexible with enrolment and refund policies to accommodate students. These needed adaptations are costly and diverting resources away from core operations of schools, putting further strain on a mature sector for which margins are already low, and operational costs are high.**

## WHAT IS NEEDED FROM THE GOVERNMENT OF CANADA?

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Federal relief measures that have been announced to date (e.g. adjustments to Employment Insurance, Workshare programs and access to working capital loans) are not sufficient to assure the survival of many private language education providers who are being hit the hardest by the COVID-19 crisis. More targeted and robust government relief is needed to protect Canadian jobs, and mitigate the risk of school closures across Canada, and enable Canada's language education sector to rebuild after the worst of the crisis has passed.

**Languages Canada requests financial support in the form of relief working capital grants for our private language school members** in order to sustain operational costs for the next six months. These will be used to offset costs of ongoing obligatory operational costs, such as leases.

## ABOUT LANGUAGES CANADA

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Established in 2008 as a merger of Canada's private and public sector representative bodies (CLC and CAPLS), Languages Canada is the national association and accreditation body for Canadian English and French language education with 210 member institutions in 180 study locations across Canada, including public colleges and universities and private language schools. The 150 private language schools are all Small and Medium-Sized Canadian businesses. (Please visit the Languages Canada website for more details: [www.languagescanada.ca](http://www.languagescanada.ca).)

In 2018, Languages Canada members programs welcomed 150,000 international students to Canada to learn English and/or French.

Languages Canada works closely with GAC, IRCC, provincial ministries of education and immigration, and stakeholders to help promote Canada as an international learning destination, to protect students, and to advocate for progressive policy.