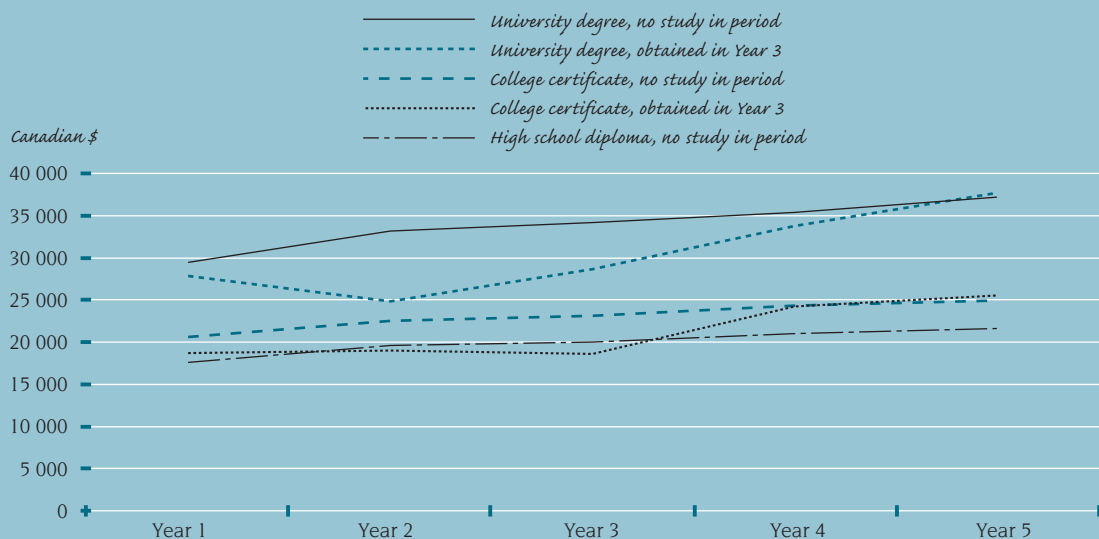


## Box 4.2 What actually happens to the earnings of adult learners? Evidence from Canada

The Canadian Survey of Labour and Income Dynamics (SLID) is a panel survey that tracks individuals for up to six years. Because SLID collects extensive information on an annual basis from the same individuals it enables more detailed analysis of the effect of changes in qualifications than is normally provided by cross-section data at a single point in time. Specifically, the OECD Secretariat used SLID data to examine the earnings of individuals, aged 30-49, who acquired a formal education qualification in the middle of a five-year interval (*i.e.* those obtaining a qualification in the third of the five years, so that “before and after” earnings could be analysed). The qualifications included a college certificate or a university degree. (Qualification at upper secondary level was also considered but there were too few cases to analyse.) The earnings profiles of such individuals were then compared with those of similar age who had not upgraded their qualifications. Figure 4.1 shows the results for the period 1993-98.

**Figure 4.1** Average annual earnings by educational attainment and whether obtained highest qualification in the 1993-98 period, 30-49 year-olds, Canada



Source: OECD Secretariat analysis of data from the Canadian Survey of Labour and Income Dynamics, 1993-98 panel. Data for Figure 4.1, p. 101.

The findings indicate that those who upgraded their qualifications in Year 3 of the 5-year period experienced rapid earnings growth over the next two years: by 32% for those obtaining a university degree; and 37% for a college certificate. By contrast, the three groups shown in Figure 4.1 who did not upgrade their qualifications experienced growth of only 8-9% over those two years. Those 30-49 year-olds who obtained a higher qualification in Year 3 in fact only took two years to catch up with the average earnings of those who already held that level of qualification. The upward trajectory of earnings for those with upgraded qualifications is very steep which indicates that the assumptions about earnings gains that underlie the analysis in this chapter may be conservative, and that the estimated returns may underestimate the actual returns for the various scenarios.

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However, these findings are far from definitive. Only 1% of the samples did in fact upgrade their qualifications to college or university level over the five-year period, so the results are subject to caveats about small and possibly unrepresentative numbers. First and foremost is the issue of whether all things are indeed equal: are those who obtained upgraded qualifications otherwise the same as those who did not? Or are there unobserved characteristics of learners (higher degree of motivation, stronger employer support and so on) that play a role in the decision to learn or not learn, and which are also an influence on earnings? As a possible pointer to this explanation, those who upgraded to a university degree in Year 3 already had relatively high earnings (although those who upgraded to a college certificate did not). Nevertheless, when combined with the Swedish longitudinal analyses by Tuijnman (1989), and the United Kingdom analyses by Jenkins *et al.* (2002), these Canadian results suggest that adult learning can, indeed, have a strong influence on occupational status and earnings.

**Table 4.3 Co-financing mechanisms: objectives, types of measures, and country initiatives**

Measures	Objectives		
	Reducing direct costs to individuals	Reducing foregone earnings	Sharing risk
Savings accounts and individual learning accounts	Netherlands, 2001; United Kingdom, 2000; (discontinued in 2001, relaunched in Wales, planned to be relaunched in Scotland); Basque region of Spain, 2000; Belgium (Flanders), 2003	Skandia, 1999 Swedish government (proposed in 2000; not yet finalised)	
Time accounts		Germany; France (collective agreements)	
Interest rate subsidy	Korea, 2002		
Tax deductions and tax credits	Austria, 2002 Netherlands, 2001 Sweden (in development)	Skandia; Netherlands, 1993	
Income-contingent loans			Australia (undergraduate higher education, 1989; post-graduate, 2002)
Transferable training loans			United Kingdom (in development)

Source: OECD (2003c).