

# FACT SHEET

## Demonstrating the Value of Northwest Community College

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Northwest Community College (NWCC) creates a positive impact on the regional economy and generates value in return for the investments made by its major stakeholder groups—students, society, and taxpayers. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, the study calculates the benefits to each of these groups. Results of the analysis reflect the 2012-13 analysis year.

Income created by NWCC in 2012-13

**\$24 million**

Effect of college operations

**\$2.9 million**

Effect of student spending

**\$89.7 million**

Effect of student productivity

**\$116.6 million**

Total effect

### IMPACT ON THE REGIONAL ECONOMY

During the analysis year, NWCC and its students added **\$116.6 million** in income to the Northwest College Region's economy, approximately equal to **3.7%** of the region's Gross Regional Product. The economic impacts of NWCC break down as follows:

#### Impact of college operations

- NWCC employed 236 full-time equivalent (FTE) employees in 2012-13. Payroll amounted to **\$18.9 million**, a portion of which was spent in the Northwest College Region to purchase groceries, clothing, and other household goods and services. The college spent another **\$13.1 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the Northwest College Region during the analysis year was approximately **\$24 million** in added regional income.

#### Impact of student spending

- Around **874** NWCC students (including international) relocated to the Northwest College Region from outside of the region and spent money at local businesses to purchase groceries, rent accommodation, pay for transport, and so on.
- The expenditures of students who relocated to the region during the analysis year added approximately **\$2.9 million** in income to the economy.

#### Impact of student productivity

- Over the years, students have studied at NWCC and entered or re-entered the workforce with newly-acquired skills. Today thousands of these former students are employed in the Northwest College Region.
- The accumulated contribution of former students currently employed

## Job equivalents based on income

Job equivalents are a measure of the average-wage jobs that a given amount of income can potentially support. They are calculated by dividing income by the average annual wages per worker in the region. Based on the added income created by NWCC, the job equivalents are as follows:

Effect of college operations =  
**532** job equivalents

Effect of student spending =  
**64** job equivalents

Effect of student productivity =  
**1,989** job equivalents

Overall, the added income created by NWCC and its students supported **2,586** average-wage job equivalents.

For every  
**\$1**  
spent...

**\$3.30**  
Returned in lifetime  
income for **STUDENTS**

**\$8.20**  
Returned in added provincial  
income and social savings  
for **SOCIETY**

**\$1.30**  
Returned in added taxes  
and public sector savings  
for **TAXPAYERS**

in the regional workforce amounted to **\$89.7 million** in added income during the analysis year.

## RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

### Student perspective

- NWCC's 2012-13 students paid a total of **\$4.6 million** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$14.4 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students develop the skills required for an increasingly globalized workplace, receiving a present value of **\$62.7 million** in increased earnings over their working lives.
- Dividing benefits by costs yields a benefit-cost ratio of **\$3.30** in higher future income. In other words, students not only recover the cost of the original investment but also receive an additional **\$2.30** in benefits over and above every \$1 in costs.
- The average annual internal rate of return for students is **21.1%**.

### Social perspective

- Society as a whole in British Columbia will receive a present value of **\$202.9 million** in added provincial income over the course of the students' working lives. Society will also benefit from **\$3.5 million** in present value social savings related to reduced crime, fewer demands for income assistance, and increased health and well-being across the province.
- For every dollar that provincial taxpayers spent on NWCC during the analysis year, society will receive a cumulative value of **\$8.20** in benefits, for as long as NWCC's 2012-13 students remain active in the provincial workforce.

### Taxpayer perspective

- In 2012-13, provincial taxpayers in British Columbia paid **\$25 million** to support the operations of NWCC. The net present value of the added tax revenue stemming from higher lifetime student earnings and increased output of businesses amounts to **\$30.6 million**. Savings to the public sector add another **\$1.4 million** in benefits due to a reduced demand for government-funded services in British Columbia.
- Dividing benefits to taxpayers by the associated costs yields a 1.3 benefit-cost ratio, i.e., every \$1 in costs returns **\$1.30** in benefits. The net return on investment thus comes to **\$0.30** in additional benefits over and above every \$1 in costs.
- The average annual internal rate of return for taxpayers is **5.6%**.