

# Demonstrating the Value of Canada's Colleges and Institutes

Canada's colleges and institutes create a positive impact on the national economy and generate value in return for the investments made by their 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 FY 2014-15 analysis year.

**INCOME CREATED BY CANADA'S  
COLLEGES AND INSTITUTES  
IN FY 2014-15**



**\$189.5 billion**  
Impact of student  
productivity



**\$1.6 billion**  
Impact of international  
student spending



**\$191.2 billion**  
Total impact

## Impact on the National Economy

During the analysis year, Canada's colleges and institutes and those they have trained added **\$191.2 billion** in income to Canada's economy, approximately equal to **12.7%** of the Gross Domestic Product. The economic impacts of Canada's colleges and institutes break down as follows:

### Impact of Student Productivity

- Over the years, domestic and international students have studied at Canada's colleges and institutes and entered or re-entered the workforce with newly-acquired skills. Today, hundreds of thousands of these former students are employed in Canada.
- The accumulated contribution of former students currently employed in the national workforce amounted to **\$189.5 billion** in added income during the analysis year.

### Impact of International Student Spending

- Approximately **56,500** international students of Canada's colleges and institutes relocated to Canada and spent money at local businesses to purchase groceries, rent accommodation, pay for transport, and so on. They also paid for tuition and fees at colleges and institutes and purchased books and supplies.
- The expenditures of international students during the analysis year added approximately **\$1.6 billion** in income to the national economy.

**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 country. Based on the added income created by Canada's colleges and institutes, the job equivalents are as follows:

**IMPACT OF STUDENT PRODUCTIVITY:  
4,193,810 JOB EQUIVALENTS**

**IMPACT OF INTERNATIONAL  
STUDENT SPENDING:  
36,408 JOB EQUIVALENTS**

Overall, the added income created by Canada's colleges and institutes and their students supported **4.2 million** average-wage job equivalents.

**FOR EVERY \$1 SPENT BY...**



# Benefits and Costs to students, society, and taxpayers

## Student Perspective

- The FY 2014-15 student population at Canada's colleges and institutes paid a total of **\$3.6 billion** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$11.6 billion** in money that they would have earned had they been working instead of learning.
- In return for the monies spent at colleges and institutes, students develop the skills required for an increasingly globalized workplace, receiving a present value of **\$57.9 billion** in increased earnings over their working lives.
- Dividing benefits by costs yields a benefit-cost ratio of **\$3.80** in higher future earnings. In other words, students not only recover the cost of the original investment but also receive an additional **\$2.80** in benefits over and above every **\$1** in costs.
- The average annual internal rate of return for students is **16.1%**.

## Social Perspective

- Society as a whole in Canada will receive a present value of **\$122.5 billion** in higher earnings over the course of the students' working lives. Society will also benefit from **\$2.4 billion** in present value social savings related to reduced crime, fewer demands for income assistance, and increased health and well-being across the country.
- For every dollar that society spent on education at Canada's colleges and institutes during the analysis year, society as a whole will receive a cumulative value of **\$5.40** in benefits. This will occur for as long as Canada's colleges and institutes' FY 2014-15 students remain active in the national workforce.

## Taxpayer Perspective

- In FY 2014-15, taxpayers in Canada paid **\$6.8 billion** to support the operations of Canada's colleges and institutes. The net present value of the added tax revenue stemming from higher lifetime student earnings and increased output of businesses amounts to **\$19.7 billion**. Savings to the public sector add another **\$1 billion** in benefits due to a reduced demand for government-funded services in Canada.
- Dividing benefits to taxpayers by the associated costs yields a **3.0** benefit-cost ratio, i.e., every **\$1** in costs returns **\$3.00** in benefits. The net return on investment thus comes to **\$2.00** in additional benefits over and above every **\$1** in costs.
- The average annual internal rate of return for taxpayers is **10.5%**.