

FACT SHEET

Demonstrating the Value of Loyalist College of Applied Arts and Technology

JULY 2014

Loyalist College of Applied Arts and Technology (Loyalist) generates value in return for the investments made by its major stakeholder groups—students, provincial government, and society—and creates a positive impact on the regional economy. It is also recognized that in addition to the benefits outlined below, the college provides other economic benefits through applied research and consulting services which lead to increased economic activity. Using a two-pronged approach that involves an investment analysis and an economic impact analysis, the study calculates the benefits to each stakeholder group. Results of the analysis reflect the 2012-13 analysis year.

RETURN ON INVESTMENT TO STUDENTS, PROVINCIAL GOVERNMENT, AND SOCIETY

For every
\$1
spent by...

STUDENTS:

\$4.00

Returned in lifetime
income for STUDENTS

PROVINCIAL
GOVERNMENT:

\$3.70

Returned in added taxes
and public sector savings
for PROVINCIAL
GOVERNMENT

SOCIETY:

\$12.80

Returned in added provincial
income and social savings
for SOCIETY

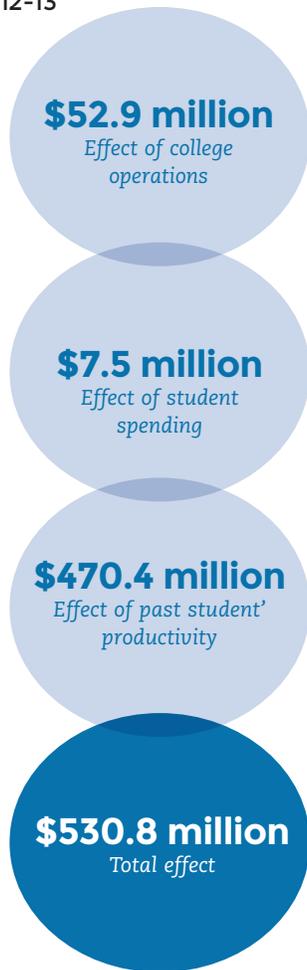
Student perspective

- Loyalist's 2012-13 students paid a total of **\$15.7 million** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$49.3 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 **\$257.8 million** in increased net earnings over their working lives.
- Dividing benefits by costs yields a benefit-cost ratio of **\$4.00** in higher future income. In other words, students not only recover the cost of the original investment but also receive an additional **\$3.00** in benefits over and above every \$1 in costs. The average annual internal rate of return for students is **17.5%**.

Provincial government perspective

- In 2012-13, the Ontario government paid **\$36.9 million** to support the operations of Loyalist. The net present value of the added tax revenue stemming from higher lifetime student earnings and increased output of businesses amounts to **\$132.5 million**. Savings to the public sector add another **\$2.5 million** in benefits due to a reduced demand for government-funded services in Ontario.
- Dividing benefits to provincial government by the associated costs yields a 3.7 benefit-cost ratio, i.e., every \$1 in costs returns **\$3.70** in benefits. The net return on investment thus comes to **\$2.70** in additional benefits over and above every \$1 in costs. The average annual internal rate of return for the Ontario government is **15.4%**.

Income created by Loyalist in 2012-13



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 Loyalist, the job equivalents are as follows:

Effect of college operations =
1,352 job equivalents

Effect of student spending =
192 job equivalents

Effect of past students' productivity =
12,012 job equivalents

Overall, the added income created by Loyalist and its students supported **13,556** average-wage job equivalents.

Social perspective

- Society as a whole in Ontario will receive a present value of **\$833.3 million** in added provincial income over the course of the students' working lives. Society will also benefit from **\$6.1 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 invested by students, taxpayers, and society on Loyalist and then spent by the college during the analysis year, society as a whole will receive a cumulative value of **\$12.80** in benefits, for as long as Loyalist's 2012-13 students remain active in the provincial workforce.

IMPACT ON THE REGIONAL ECONOMY

During the analysis year, Loyalist and its students added **\$530.8 million** in income to the Loyalist Service Region's economy, approximately equal to **5.4%** of the region's Gross Regional Product. The economic impacts of Loyalist break down as follows:

Impact of college operations

- Loyalist employed 440 full-time equivalent (FTE) employees in 2012-13. Payroll amounted to **\$44.4 million**, a portion of which was spent in the Loyalist Service Region to purchase groceries, clothing, and other household goods and services. The college spent another **\$21.2 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the Loyalist Service Region during the analysis year was approximately **\$52.9 million** in added regional income.

Impact of student spending

- Around **1,570** Loyalist students (including international) relocated to the Loyalist Service 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 **\$7.5 million** in income to the economy.

Impact of past students' productivity

- Over the years, students have studied at Loyalist and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Loyalist Service Region.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$470.4 million** in added income during the analysis year.