

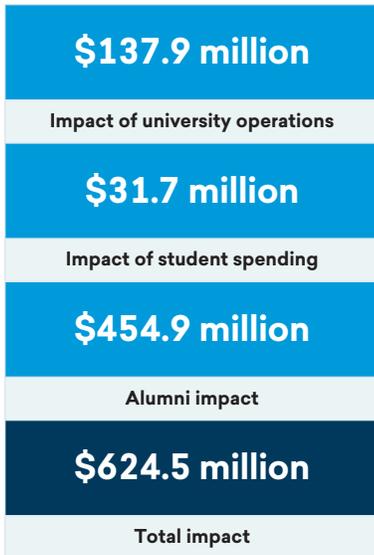


FEBRUARY 2018

FACT SHEET

Demonstrating the Economic Value of Vancouver Island University

ADDED INCOME CREATED BY VIU IN FY 2016-17



ADDITIONAL SALES CREATED BY VIU IN FY 2016-17



ADDED INCOME VS. SALES

Added income should not be confused with personal income. Rather, income is synonymous to value added or GRP. Unlike sales, added income does not include spending that occurs outside the region or intermediary transactions, making it a truer measure of impact.

Vancouver Island University 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 fiscal year (FY) 2016-17.

IMPACT ON THE REGIONAL ECONOMY

During the analysis year, VIU and its students added **\$624.5 million** in income to Vancouver Island¹ economy, approximately equal to **9.9%** of the region's gross regional product. This is equivalent to creating \$1.3 billion in additional sales. The economic impacts of VIU break down as follows:

Operations spending impact

- VIU employed 1,242 employees in FY 2016-17. Payroll amounted to **\$99.8 million**, a portion of which was spent on Vancouver Island to purchase groceries, clothing, and other household goods and services. The university spent another **\$43.6 million** to support its day-to-day operations and research.
- The net impact of university payroll and expenses toward day-to-day operations and research on Vancouver Island during the analysis year was approximately **\$137.9 million** in added regional income.

Student spending impact

- Around **4,989** students relocated to the VIU service region from outside of the region or outside of Canada to attend VIU. In addition, a number of students would have left the region if not for VIU. These out-of-region and retained students spent money at local businesses to purchase groceries, rent accommodation, and pay for transport.
- The expenditures of out-of-region and retained students during the analysis year added approximately **\$31.7 million** in income to the regional economy.

Alumni impact

- Over the years, students have studied at VIU and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed on Vancouver Island.

¹ The region referred to as Vancouver Island includes census divisions, Cowichan Valley, Nanaimo, and Powell River.

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

\$2.20

Returned in lifetime earnings for STUDENTS

\$5.70

Returned in added provincial income and social savings for SOCIETY

\$3.50

Returned in added taxes and public sector savings for TAXPAYERS

VIU'S POST CARE TUITION WAIVER PROGRAM

In FY 2016-17, VIU's Post Care Tuition Waiver Program (PC TWP) allowed 67 individuals who had aged out of the foster care system to attend the university at no cost. Taxpayers will receive an estimated present value of **\$1.5 million** in added tax revenue stemming from the added tax revenues as a result of students' higher lifetime earnings and the increased output of provincial businesses. Savings to the public sector add another **\$515.3 thousand** in benefits due to a reduced demand for government-funded social services in British Columbia. If the provincial government had funded PC TWP in FY 2016-17, they would receive an investment benefit-cost ratio of **9.6** and an average annual rate of return of **25.8%**.

- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$454.9 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- VIU's FY 2016-17 students paid a total of **\$65.7 million** to cover the cost of tuition, fees, books, and supplies. They also forewent **\$95.8 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students develop the skills required for an increasingly globalized workplace, receiving a present value of **\$349.5 million** in increased earnings over their working lives.
- Dividing benefits by costs yields a benefit-cost ratio of **\$2.20** in higher future income. In other words, students not only recover the cost of the original investment but also receive an additional **\$1.20** in benefits over and above every \$1 in costs. The average annual rate of return for students is **10.2%**.

Social perspective

- Society as a whole in British Columbia will receive a present value of **\$1.4 billion** in added provincial income over the course of the students' working lives. Society will also benefit from **\$23.1 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 \$1 that society spent on educations from VIU during the analysis year, society as a whole will receive a cumulative value of **\$5.70** in benefits. This will occur for as long as VIU's FY 2016-17 students remain active in the provincial workforce.

Taxpayer perspective

- In FY 2016-17, provincial taxpayers in British Columbia paid **\$61.7 million** to support the operations of VIU. The net present value of the added tax revenue stemming from higher lifetime student earnings and increased output of businesses amounts to **\$209.4 million**. Savings to the public sector add another **\$8.6 million** in benefits due to a reduced demand for government-funded social services in British Columbia.
- Dividing benefits to taxpayers by the associated costs yields a 3.4 benefit-cost ratio, that is, every \$1 in costs returns **\$3.50** in benefits. The net return on investment thus comes to **\$2.50** in additional benefits over and above every \$1 in costs.
- The average annual rate of return for taxpayers is **24.3%**. This is above the 1.8% discount rate on government investments, meaning VIU not only pays its own way, but also generates a surplus that the provincial government can use to fund other programs.