



# TAXPAYERS' INVESTMENT

The Economic Value of Vancouver Island University | February 2018

Students and society as a whole enjoy a range of benefits due to their educational investment in Vancouver Island University (VIU). A portion of these benefits accrues to provincial taxpayers in the form of higher tax receipts and a reduced demand for government-supported social services.

## VIU INCREASES TAX REVENUE

- Approximately **90%** of VIU's students remain in British Columbia upon completing their educational goals. As students earn more, they pay higher taxes. Employers also pay higher taxes through their increased output and spending.
- Over the students' working lives, provincial government in British Columbia will collect a present value of **\$209.4 million** in the form of higher tax receipts.

## VIU REDUCES GOVERNMENT COSTS

- VIU students who achieve higher levels of education are statistically less likely to have poor health habits, commit crimes, or claim welfare or unemployment benefits.
- The improved lifestyles of students result in a reduced demand for government-supported services. Better health leads to reduced health care costs. Reduced crime leads to a reduced burden on the criminal justice system. Further, increased employability leads to fewer claims for welfare and unemployment benefits.
- As a result, taxpayers in British Columbia will see a present value of **\$8.6 million** in government savings over the students' working careers.

## VIU IS A SOLID INVESTMENT FOR PROVINCIAL TAXPAYERS

- In FY 2016-17, provincial taxpayers in British Columbia paid **\$61.7 million** to support the operations of VIU.
- For every \$1 of public money spent on VIU, taxpayers receive a cumulative return of **\$3.50** over the course of students' working lives in the form of higher tax receipts and public sector savings.
- Taxpayers see an average annual internal rate of return of **24.3%** on their investment in VIU. This return compares favorably with the 1.8% discount rate used by the provincial government to appraise long-term investments.

### SUMMARY OF THE TAXPAYER INVESTMENT



**3.50**  
Benefit-cost ratio



**24.3%**  
Rate of return