

The Economic Value of Confederation College of Applied Arts and Technology



CONFEDERATION COLLEGE OF APPLIED ARTS AND TECHNOLOGY (Confederation College) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. It draws students to the region, generating new dollars and opportunities for Northwestern Ontario. Confederation College provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Confederation College is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Confederation College influences both the lives of its students and the regional economy. The college supports a variety of industries in Northwestern Ontario,* serves regional businesses, and benefits the provincial government through increased tax revenues and public sector savings. The benefits created by Confederation College even extend to society as a whole in Ontario, which benefits from an expanded economy and improved quality of life.

This study measures the economic impacts created by Confederation College on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2022-23. Impacts on the Northwestern Ontario economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Ontario are reported under the investment analysis.



Confederation College influences both the **lives of its students** and the **regional economy**.

* For the purposes of this analysis, Northwestern Ontario is comprised of Thunder Bay, Rainy River, and Kenora districts in Ontario.

Economic impact analysis



Confederation College promotes economic growth in Northwestern Ontario through its direct expenditures and the resulting expenditures of students and regional businesses. The college serves as an employer and buyer of goods and services for its day-to-day operations. The college's activities attract students from outside Northwestern Ontario, whose expenditures benefit regional vendors. In addition, Confederation College is a primary source of postsecondary education to Northwestern Ontario residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact



Confederation College adds economic value to Northwestern Ontario as an employer of regional residents and a large-scale buyer of goods and services. In FY 2022-23, the college employed faculty and staff equivalent to 585 full-time employees, 99% of whom lived in Northwestern Ontario. Total payroll at Confederation College was \$56.1 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$33.3 million on day-to-day expenses related to facilities, supplies, and professional services.

Confederation College's day-to-day operations spending added \$78.2 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$78.2 million in added income is equivalent to supporting 926 jobs in the region.

Student spending impact



Around 36% of students attending Confederation College originated from outside the region in FY 2022-23, and some of these students relocated to Northwestern Ontario to attend Confederation College. These students may not have come to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left Northwestern Ontario if not for the existence of Confederation College. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$20.7 million in added income for the regional economy in FY 2022-23, which supported 378 jobs in Northwestern Ontario.

Impacts created by Confederation College in FY 2022-23



Operations spending impact

\$78.2 million

+



Student spending impact

\$20.7 million

+



Alumni impact

\$601.7 million



Total economic impact

\$700.6 million

OR

Jobs supported

9,248



Impact of international students

International students are an important part of the Confederation College community. In FY 2022-23, Confederation College served 1,823 international students, all of whom relocated to Northwestern Ontario. These students brought new money to the regional economy through their spending on housing, food, and other living expenses. International student spending in FY 2022-23 generated \$14.6 million in added income for the regional economy.

It's estimated that 83% of international students remain in the region after finishing their time at Confederation College. Today, thousands of these students are employed in Northwestern Ontario, receiving higher earnings and increasing the productivity of the businesses that employ them. In FY 2022-23, these active alumni generated \$34 million in added income for the economy.

Alumni impact



The education and training Confederation College provides for regional residents has the greatest impact. Since its establishment, students have studied at Confederation College and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Confederation College students are employed in Northwestern Ontario. As a result of their Confederation College educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, Confederation College alumni generated \$601.7 million in added income for the regional economy, which is equivalent to supporting 7,943 jobs.

Total impact

Confederation College added \$700.6 million in income to the Northwestern Ontario economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact. For context, the \$700.6 million impact was equal to approximately 6.6% of the total gross regional product (GRP) of Northwestern Ontario. This contribution that the college provided on its own is nearly as large as the entire Construction industry in the region.

Confederation College's total impact can also be expressed in terms of jobs supported. The \$700.6 million impact supported 9,248 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 13 jobs in Northwestern Ontario is supported by the activities of Confederation College and its students. In addition, the \$700.6 million, or 9,248 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Confederation College's activity and alumni in the Health Care & Social Assistance industry sector supported 1,629 jobs in FY 2022-23. These are impacts that would not have been generated without the college's presence in Northwestern Ontario.

Top industry impacts (jobs supported)



One out of every 13 jobs in Northwestern Ontario is supported by the activities of Confederation College and its students.





An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers Confederation College as an investment from the perspectives of students, taxpayers, and society in Ontario.

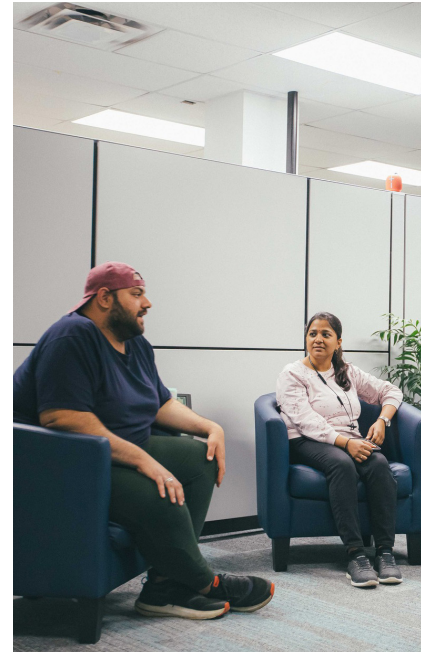
Student perspective



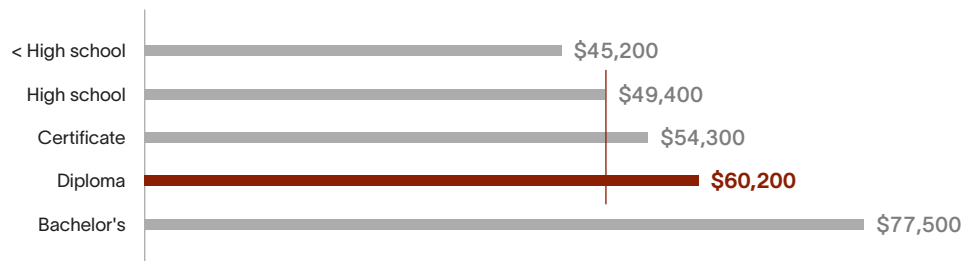
In FY 2022-23, Confederation College served 4,866 credit and 2,287 non-credit students. In order to attend the college, the students paid for tuition, fees, books, and supplies. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Confederation College's students in FY 2022-23 amounted to a present value of \$129.6 million, equal to \$40.8 million in out-of-pocket expenses and \$88.9 million in forgone time and money.

In return for their investment, Confederation College's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Confederation College diploma graduate from FY 2022-23 will see an increase in earnings of \$10,800 each year compared to a person with a high school diploma or equivalent working in Ontario. Over a working lifetime, the benefits of the diploma over a high school diploma will amount to an undiscounted value of \$421,200 in higher earnings per graduate. Altogether, Confederation College's FY 2022-23 students will receive \$271.9 million in higher future earnings over their working lives, as a result of their education and training at Confederation College.

The students' benefit-cost ratio is 2.1. In other words, for every dollar students invest in Confederation College, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$2.10 in higher future earnings. Annually, the students' investment in Confederation College has an average annual internal rate of return of 15.0%.



The average diploma graduate from Confederation College will see an increase in earnings of **\$10,800** each year compared to a person with a high school diploma or equivalent working in Ontario.



Source: Derived from data supplied by Statistics Canada and the Lightcast CRIO model.

Taxpayer perspective



Confederation College generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the provincial government will collect from the added revenue created in the province. As Confederation College students earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2022-23 students' working lives, the provincial government will have collected a present value of \$165.5 million in added tax revenue.

Benefits to taxpayers also consist of savings generated by the improved lifestyles of Confederation College students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Confederation College educations will generate savings in three main categories: 1) healthcare, 2) crime, and 3) income assistance. Improved health will lower students' demand for health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and reduced victim costs. Confederation College students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with a Confederation College education will generate \$6.6 million in savings to provincial taxpayers.

Total taxpayer benefits amount to \$172.1 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$59.1 million, equal to the amount of provincial government funding Confederation College received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 2.9. This means that for every dollar of public money invested in Confederation College in FY 2022-23, taxpayers will receive a cumulative value of \$2.90 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 13.0%, which compares favorably to other long-term investments in the public and private sectors.

For every dollar of public money invested in Confederation College, taxpayers will receive a cumulative value of **\$2.90** over the course of the students' working lives.

Social perspective



Society as a whole in Ontario benefits from the presence of Confederation College in two major ways. Primarily, society benefits from an increased economic base in the province. This is attributed to higher student earnings and increased business output, which raise economic prosperity in Ontario.

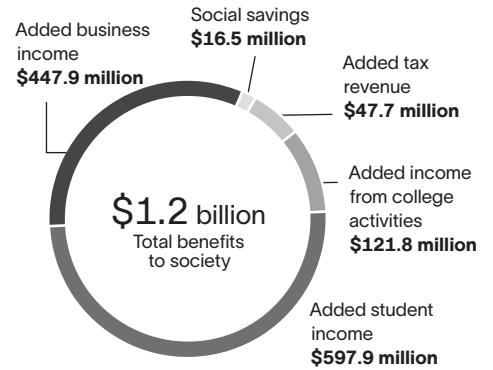
Benefits to society also consist of the savings generated by the improved lifestyles of Confederation College students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social sav-

ings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, and mental illness. Crime savings include reduced criminal justice system expenditures, lower victim costs, and increased productivity of individuals who are working rather than spending time in custody. Income assistance savings include the reduced demand for employment insurance benefits and employment-related social assistance. For a list of study references, contact the college for a copy of the main report.

Altogether, the social benefits of Confederation College equal a present value of \$1.2 billion. These benefits include \$1.2 billion in added income through students' increased lifetime earnings and increased business output, as well as \$16.5 million in social savings related to health, crime, and income assistance in Ontario. People in Ontario invested a present value total of \$184.9 million in Confederation College in FY 2022-23. These costs include all college and student costs.

The benefit-cost ratio for society is 6.7, equal to the \$1.2 billion in benefits divided by the \$184.9 million in costs. In other words, for every dollar invested in Confederation College, people in Ontario will receive a cumulative value of \$6.70 in benefits. The benefits of this investment will occur for as long as Confederation College's FY 2022-23 students remain employed in the provincial workforce.

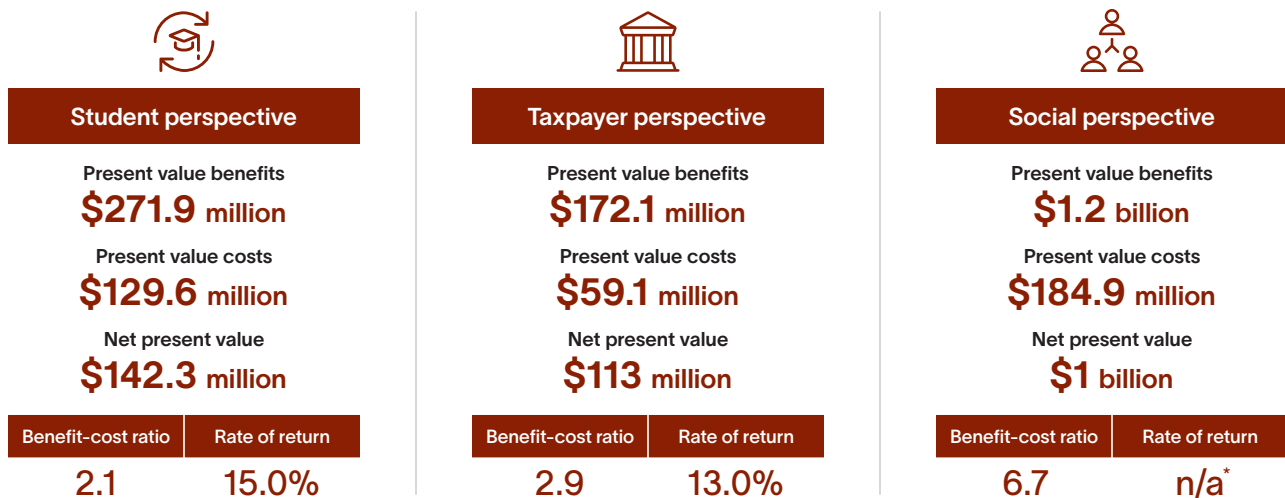
Social benefits in Ontario from Confederation College



Source: Lightcast impact model.

Summary of investment analysis results

The results of the analysis demonstrate that Confederation College is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in a Confederation College education. At the same time, taxpayers' investment in Confederation College returns more to government budgets than it costs and creates a wide range of social benefits throughout Ontario.



* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

Conclusion

The results of this study demonstrate that Confederation College creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Confederation College enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits provincial taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Confederation College benefits society as a whole in Ontario by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.



About the study

Data and assumptions used in the study are based on several sources, including the FY 2022-23 academic and financial reports from Confederation College, industry and employment data from Statistics Canada, outputs of Lightcast's Canadian Regional Input-Output model, and a variety of studies and surveys relating education to social behaviour. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of investment effectiveness and economic impact. For a full description of the data and approach used in the study, please contact Confederation College for a copy of the main report.

The results of this study demonstrate that Confederation College creates value from **multiple perspectives**.



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