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The Socioeconomic Benefits Generated by 24 Colleges of Applied Arts and Technology in Ontario

Fact Sheet

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FACT SHEET: ECONOMIC IMPACT OF ONTARIO'S COLLEGES OF APPLIED ARTS AND TECHNOLOGY

What role do Ontario's 24 Colleges of Applied Arts and Technology play in the province-wide economy? Business sales in Ontario are \$27.2 billion larger, and labour income is \$11.4 billion larger due to the past and present operations of the 24 colleges in the province. The benefits of a robust provincial economy translate into job and investment opportunities, increased business revenues, greater availability of public funds, and an eased tax burden.

Ontario's 24 Colleges of Applied Arts and Technology stimulate the provincial economy

- Ontario's 24 colleges had operating expenses of \$2.0 billion in fiscal 2002/03, and spent \$2.0 billion (96%) of this in the Province of Ontario to purchase supplies and pay salaries, wages, and benefits (i.e., earnings).
- The colleges employ 14,170 full-time and 25,138 part-time faculty and staff. They paid faculty and staff salaries, wages, and benefits of \$1.3 billion in fiscal 2002/03.
- For every \$1 Ontario's 24 colleges pay in earnings, there is an additional \$0.26 in earnings generated off-campus in the Ontario economy – this is the commonly known multiplier effect.
- The activities of Ontario colleges encourage new business, assist existing business, and create long-term economic growth. The colleges enhance worker skills and provide customized training to local business and industry. It is estimated that the present-day Ontario workforce embodies over 234.5 million funded and unfunded hours of past and present Ontario college training.
- Ontario college skills embodied in the present-day workforce increase the output of industries in the Ontario economy where the former students are employed by \$21.0 billion. Associated multiplier effects (sometimes called indirect effects) in other industries increase sales by \$5.3 billion.
- Ontario college skills from current and former students increase earnings in the Province of Ontario by \$8.0 billion directly, and by another \$1.9 billion indirectly in fiscal 2002/03.

Ontario's 24 Colleges of Applied Arts and Technology leverage taxpayer dollars

- Provincial and local government allocated \$979.7 million in support of Ontario colleges in fiscal 2002/03. For every dollar appropriated by provincial and local government, the spending of Ontario's 24 colleges alone generated \$1.58 in earnings in the Province of Ontario.
- For every dollar appropriated by the provincial and local government in fiscal 2002/03, student earnings will increase by an average of \$0.82 per year, every year through the rest of

their working lives. Likewise, for every provincial dollar appropriated, the Province of Ontario will see social savings of \$0.16 per year, every year (i.e., reduced incarceration and health care expenditures, reduced expenditures on unemployment and welfare, and reduced absenteeism).

Ontario's 24 Colleges of Applied Arts and Technology generate a return on government investment

- Provincial and local government support for Ontario colleges in fiscal 2002/03 will be fully recovered in 10.7 years, in the form of higher tax receipts (from increased student wages) and avoided costs (e.g., from reduced public expenditures on incarceration).
- Accounting for increased tax receipts and avoided costs, provincial and local government will see a rate of return of 12.1% on their fiscal 2002/03 support for the 24 colleges in Ontario.

Ontario's 24 Colleges of Applied Arts and Technology increase individuals' earning potential

- 586,597 funded and unfunded students attended the colleges in fiscal 2002/03, 71% of whom were employed full or part time while attending.
- As many as 95.0% of the students stay in the province initially after they leave the colleges and contribute to the province-wide economy. Their continued contribution is measured after accounting for out-migration, retirement, and death.
- Studies demonstrate that education increases lifetime earnings. The average annual earnings of a student with a 1-year certificate is \$40,043, or 25.0% more than someone without a high school diploma, and 5.7% more than a student with a high school diploma. The average earnings of someone with a two-year diploma is \$42,565, or 32.9% more than someone without a high school diploma, and 12.4% more than a student with a high school diploma.
- After leaving college, the average Ontario college student will spend 37 years in the workforce. The student who leaves with a two-year diploma will earn \$173,825 more than someone with a high school diploma.
- Over their next 37 years in the workforce, the average student's discounted lifetime earnings (i.e. future values expressed in present value terms) will increase \$2.16 for every education dollar invested (in the form of tuition, fees, books, and foregone earnings from employment).
- Students enjoy an attractive 9.0% rate of return on their educational investment, and recover all costs (including wages foregone while attending Ontario colleges) in 14.4 years.