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

## Fact Sheet

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# **F**ACT 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.