

The Economic Value of Northern Lakes College



Northern Lakes College (NLC) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2021-22.



NLC SERVICE REGION

Economic impact analysis

In FY 2021-22, NLC added **\$212.5 million** in income to the NLC Service Region^{*} economy, a value approximately equal to **2.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, NLC's impact supported **2,210** regional jobs. For perspective, the activities of NLC and its students support **one out of every 31 jobs** in the NLC Service Region.

Operations spending impact

- NLC employed 223 full-time equivalent (FTE) employees in FY 2021-22. Payroll amounted to \$23.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The

^{*} For the purposes of this analysis, the NLC Service Region is comprised of the Athabasca-Barrhead-Westlock, Central Peace-Notley, Lesser Slave Lake, and Peace River electoral districts.

college spent another \$11.1 million on day-to-day expenses related to facilities, supplies, and professional services.

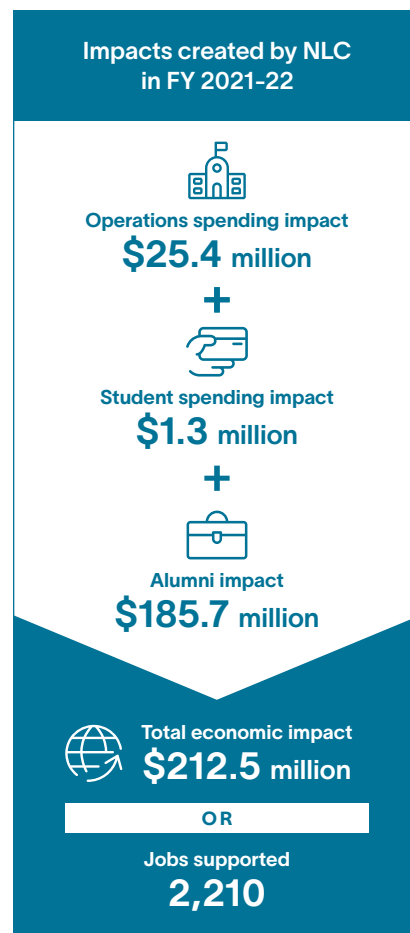
- The net impact of the college's operations spending added **\$25.4 million** in income to the regional economy.

Student spending impact

- Around 48% of credit students attending NLC originated from outside the region in FY 2021-22, and some of these students relocated to the NLC Service Region to attend NLC. In addition, a number of local students would have left the region if not for NLC.
- These students spent money on groceries, mortgage and rent payments, and so on at regional businesses. This spending in FY 2021-22 added **\$1.3 million** in income to the NLC Service Region economy. Of this impact, **\$1.2 million** is attributable to relocating and retained Indigenous students who attend NLC.

Alumni impact

- Over the years, students have studied at NLC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the NLC Service Region.
- The net impact of NLC's former students currently employed in the regional workforce amounted to **\$185.7 million** in added income in FY 2021-22. Of this impact, **\$125.7 million** is attributable to former Indigenous students working in the NLC Service Region.



Investment analysis

Student perspective

- NLC's FY 2021-22 students paid a present value of **\$8.9 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$26.3 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$59.7 million** in increased earnings over their working lives. This translates to a return of **\$1.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **12.8%**.

Taxpayer perspective

- Provincial taxpayers provided NLC with **\$34.6 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$39.6 million**. A reduced demand for government-funded services in Alberta will add another **\$1.8 million** in benefits to taxpayers.



- For every dollar of public money invested in NLC, taxpayers will receive **\$1.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.5%**.

Social perspective

- In FY 2021-22, society in Alberta invested **\$62.5 million** to support NLC, including all student and all college costs. In turn, added income through students increased lifetime earnings and increased business output will grow the Alberta economy by **\$286.5 million**, over the course of students' working lives. Society will also benefit from **\$4.2 million** in present value social savings related to reduced crime, reduced demand for income assistance, and increased health and well-being across the province.
- For every dollar invested in NLC in FY 2021-22, people in Alberta will receive **\$4.70** in return, for as long as NLC's FY 2021-22 students remain active in the provincial workforce.

