



FACT SHEET

The Economic Value of Red Deer College to the Central Region

Red Deer College (RDC) 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) 2015-16.

IMPACTS CREATED BY RDC IN FY 2015-16

ADDED INCOME	JOBS SUPPORTED
\$91.6 million	1,062
Operations spending impact	
\$16.7 million	427
Student spending impact	
\$431.3 million	5,827
Alumni impact	
\$539.6 million	7,316
Total impact	

IMPACT ON BUSINESS COMMUNITY

During the analysis year, RDC and its students added **\$539.6 million** in income to the Central Region’s economy, approximately equal to **4.4%** of the region’s total gross regional product (GRP). RDC’s impact supported **6,818** jobs in the Central Region in FY 2015-16. For perspective, this means that one out of every 19 jobs in the Central Region is supported by the activities of RDC and its students. The economic impacts of RDC break down as follows:

Operations spending impact

- RDC employed 665 full-time equivalent (FTE) employees in FY 2015-16. Payroll amounted to \$63.2 million, a portion of which was spent in the Central Region to purchase groceries, clothing, and other household goods and services. The college spent another \$32.5 million to support its day-to-day operations.
- The net impact of college payroll and expenses toward day-to-day operations in the Central Region during the analysis year was approximately **\$91.6 million** in added regional income.

Student spending impact

- Around **2,088** students relocated to the Central Region from outside of the region or outside of Canada to attend RDC. In addition, a number of students would have left the region if not for RDC. These relocated and retained students spent money at local businesses to purchase groceries, rent accommodation, and pay for transport.
- The expenditures of relocated and retained students during the analysis year added approximately **\$16.7 million** in income to the regional economy.

Alumni impact

- Over the years, students have studied at RDC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Central Region.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$431.3 million** in added income during the analysis year.

For every \$1 spent by...

STUDENTS

\$5.60

Gained in lifetime earnings for STUDENTS

SOCIETY

\$12.00

Gained in added provincial revenue and social savings for SOCIETY

TAXPAYERS

\$5.40

Gained in added taxes and public sector savings for TAXPAYERS



RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- RDC's FY 2015-16 students paid a total of **\$24.6 million** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$61 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$479.7 million** in increased earnings over their working lives. This translates to a return of **\$5.60** in higher future earnings for every \$1 that students invest in their education. Students will receive an average annual rate of return of **24.0% for their investment in RDC.**

Social perspective

- Society in Alberta spent \$161.6 million on RDC in FY 2015-16. In return, Alberta will receive a present value of **\$1.9 billion** in added provincial income over the course of the students' working lives. Society will also benefit from **\$15.2 million** in present value social savings related to reduced crime, fewer demands for income assistance, and increased health and well-being across the province.
- Dividing the total \$1.9 billion in benefits by the \$161.6 million in costs yields a benefit-cost ratio of 12.0. In other words, for every \$1 that society spent on RDC education during the analysis year, society as a whole will receive a cumulative value of **\$12.00** in benefits. This will occur for as long as RDC's FY 2015-16 students remain active in the provincial workforce.

Taxpayer perspective

- In FY 2015-16, provincial taxpayers in Alberta paid **\$61.8 million** to support the operations of RDC. The net present value of the added tax revenue stemming from higher lifetime student earnings and increased output of businesses amounts to **\$325.1 million**. Savings to the public sector add another **\$6.1 million** in benefits due to a reduced demand for government-funded social services in Alberta.
- Dividing benefits to taxpayers by the associated costs yields a 5.4 benefit-cost ratio, that is, every \$1 in costs returns **\$5.40** in benefits. The average annual rate of return for taxpayers is **32.1%**. This is above the 1.8% discount rate on government investments, meaning RDC not only pays its own way, but also generates a surplus that the provincial government can use to fund other programs.