



The Economic Value of the University of Victoria to the Greater Victoria Area

The University of Victoria (UVic) 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) 2019-20. However, most of FY 2019-20 was pre-COVID. Therefore, in addition to the pre-COVID analysis, Emsi Burning Glass also measured the economic activity change from UVic and its alumni in FY 2020-21, during the COVID pandemic.



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, UVic added **\$1.8 billion** in income to the Greater Victoria Area¹ economy, a value approximately equal to **8.8%** of the region's total gross regional product (GRP). Expressed in terms of jobs, UVic's impact supported **24,725 regional jobs**. For perspective, the activities of UVic and its students support **one out of every nine jobs** in the Greater Victoria Area.

In FY 2020-21, UVic's impact increased slightly to **\$1.9 billion**, equivalent to supporting **25,224 jobs**. The impact of \$1.9 billion is equivalent to **9.2%** of the regional economy. For further perspective, **one out of every nine jobs** in the region are supported by UVic and its students.

OPERATIONS SPENDING IMPACT

- UVic employed 7,635 full-time equivalent (FTE) employees (not including research employees) in FY 2019-20. Payroll amounted to \$344 million (excluding payroll from research employees), much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$94.1 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the university's operations spending added **\$486.8 million** in income to the regional economy. In FY 2020-21, UVic's operations spending added **\$548.5 million** in income to the regional economy.



THE GREATER
VICTORIA AREA
British Columbia

¹ For the purposes of this analysis, the Greater Victoria Area is defined as the Victoria Census Metropolitan Area.

RESEARCH SPENDING IMPACT

- Research activities at UVic impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in the Greater Victoria Area through inventions, patent applications, and licenses. In FY 2019-20, UVic spent \$49.6 million on payroll and \$31.6 million on other expenses to support research activities.
- UVic's research spending generated **\$106.4 million** in added income for the Greater Victoria Area economy in FY 2019-20. In FY 2020-21, UVic's research spending added **\$78.4 million** in income to the regional economy.
- UVic's research activities create a provincial economic impact beyond spending. UVic's "total factor productivity" measures the impact in terms of total output growth that is a research from UVic's research and development. It is estimated to have a total economic impact of \$24 million² annually on British Columbia. From 1971, 49 years, UVic's cumulative economic impact on British Columbia from research activities using total factor productivity calculations summed to \$1.2 billion. Total factor productivity is not available at the regional level.

CONSTRUCTION SPENDING IMPACT

- UVic spends money on construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, this spending generates a short-term infusion of spending and jobs in the regional economy. The construction spending impact is heavily dependent on the on-going capital projects at UVic, and FY 2019-20 was a slower year for capital projects.
- The net impact of UVic's construction spending in FY 2019-20 was **\$14.3 million** in added income for the Greater Victoria Area. In FY 2020-21, UVic's construction spending added **\$36 million** in income to the regional economy.

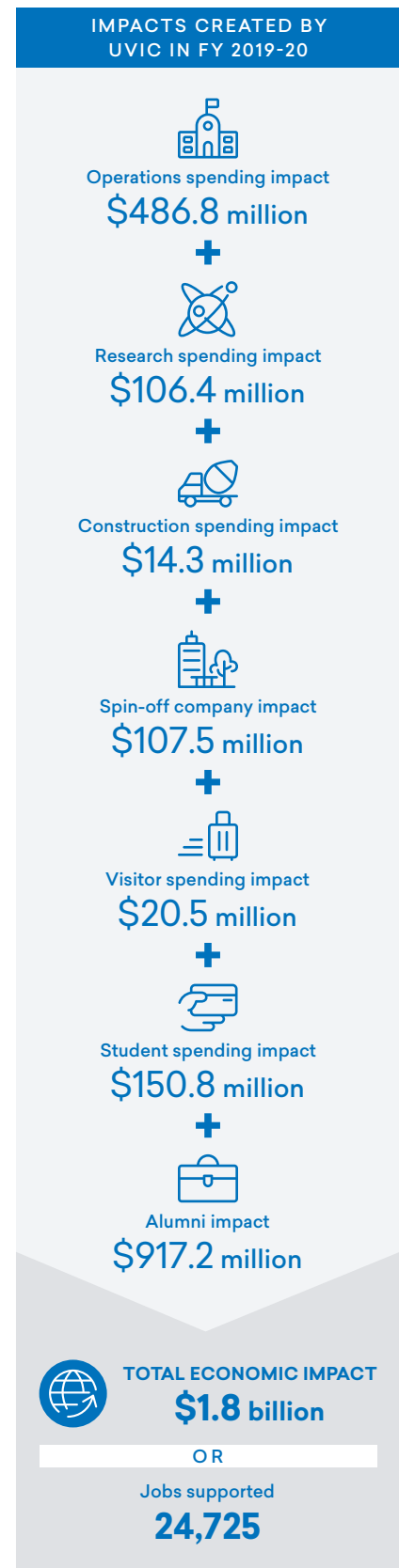
SPIN-OFF COMPANY IMPACT

- UVic creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of spin-off companies created as a result of the university.
- In FY 2019-20, UVic's spin-off companies generated **\$107.5 million** in added income for the Greater Victoria Area economy. In FY 2020-21, the impact from UVic's spin-off companies remained unchanged.

VISITOR SPENDING IMPACT

- Out-of-region visitors attracted to the Greater Victoria Area for activities at UVic brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.

² Total factor productivity was calculated by UVic.



- Visitor spending added approximately **\$20.5 million** in income to the Greater Victoria Area economy. The visitor spending impact in FY 2020-21 was not measured due to data collection limitations and university-wide closures resulting from the pandemic.

STUDENT SPENDING IMPACT

- Around 76% of students attending UVic originated from either outside the region or outside Canada in FY 2019-20, and some of these students relocated to the Greater Victoria Area to attend UVic. In addition, a number of local students would have left the region if not for UVic.
- These students spent money on groceries, mortgage and rent payments, and so on at regional businesses. This spending in FY 2019-20 added **\$150.8 million** in income to the Greater Victoria Area economy. Of this impact, **\$34.2 million** is attributable to international students who relocated to the Greater Victoria Area to attend UVic. In FY 2020-21, UVic's student spending added **\$158 million** in income to the regional economy.

ALUMNI IMPACT

- Over the years, students have studied at UVic and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Greater Victoria Area.
- The net impact of UVic's former students currently employed in the regional workforce amounted to **\$917.2 million** in added income in FY 2019-20. Of this impact, **\$77.1 million** is attributable to former international students and **\$137.2 million** is attributable to co-operative education students working in the Greater Victoria Area. In FY 2020-21, UVic's alumni added **\$964.5 million** in income to the regional economy.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- UVic's FY 2019-20 students paid a present value of **\$214.4 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$399.5 million** in money that they would have earned had they been working instead of attending university.
- In return for their investment, students will receive **\$872.9 million** in increased earnings over their working lives. This translates to a return of **\$1.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **9.3%**.
- UVic's indigenous students' benefit-cost ratio is **1.2**. In other words, for every dollar indigenous students invest in UVic, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$1.20 in higher future earnings. Annually, the indigenous students' investment in UVic has an average annual internal rate of return of **8.2%**.

For every \$1...



Students gain in lifetime earnings
\$1.40



Taxpayers gain in added tax revenue and public sector savings
\$2.70



Society gains in added income and social savings
\$4.20

- UVic's co-operative education students' benefit-cost ratio is **1.7**. In other words, for every dollar co-op students invest in UVic, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$1.70 in higher future earnings. Annually, the co-op students' investment in UVic has an average annual internal rate of return of **11%**.
- FY 2020-21 students will see a benefit-cost ratio of **1.4**. This means that for every dollar they invested in their education at UVic in FY 2020-21, these students will receive \$1.40 in higher future earnings over their working lifetime. This represents an internal rate of return of **9.4%**.

TAXPAYER PERSPECTIVE

- Provincial taxpayers provided UVic with **\$243.7 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$649.6 million**. A reduced demand for government-funded services in British Columbia will add another **\$11.7 million** in benefits to taxpayers.
- For every dollar of public money invested in UVic, taxpayers will receive **\$2.70** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **15.6%**.
- The taxpayer support for UVic in FY 2020-21 will return **\$2.70** for every dollar invested. Taxpayers fully recover the cost of the original investment and receive a return of \$1.70 in addition to every dollar they paid. This represents an internal rate of return of **15.4%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, society in British Columbia invested **\$993.6 million** to support UVic, including all student and all university costs. In turn, the British Columbia economy will grow by **\$4.2 billion**, over the course of students' working lives. Society will also benefit from **\$29.2 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 UVic in FY 2019-20, people in British Columbia will receive **\$4.20** in return, for as long as UVic's FY 2019-20 students remain active in the provincial workforce.
- In FY 2020-21, society will again see a return of **\$4.40** for every dollar invested. Society fully recovers the cost of the original investment and receive a return of \$3.40 in addition to every dollar they paid.