

Report: Economic Impact of NAIT – Update 2015

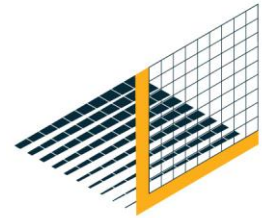
Submitted to:

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NAIT Economic Impact: Key updated statistics (2013/14)

A comprehensive economic impact study of the Northern Alberta Institute of Technology (NAIT) was undertaken in its 50th anniversary year. Two years have passed and newer data is now available for many components of the work. In particular, the program enrollments, fees, budgets, Statistics Canada data, and economic modeling offer more current information. Maintaining the integrity and accuracy of key statistics from the analysis is important for NAIT ongoing communications to a wide variety of audiences.

The aim is to update five key statistics produced from the original comprehensive analysis, based on inputs from the 2013/14 academic year. These statistics are as follows:

- ❑ **NAIT spending and education** combined economic impacts to the province of Alberta - \$1.7 billion.
- ❑ **Average annual rate of return to Province** on investments for all programs including apprenticeships - 32%
- ❑ **Average annual rate of return to Province** for investments in programs excluding apprenticeships - 7%
- ❑ **Student average annual rate of return on tuition** investment over their career - 30%
- ❑ **NAIT apprenticeship tuition investment payback** over their career - 171

Previous Results (2011/12)

The results for key statistics from the original economic impact report (based on inputs from the 2011/12 academic year) are below, followed by a brief statement on key positive and negative drivers affecting changes since the original report.

- ❑ **NAIT spending and education** combined economic impacts to the province of Alberta - \$1.5 billion
- ❑ **Average annual rate of return to Province** on investments for all programs including apprenticeships - 30%
- ❑ **Average annual rate of return to Province** for investments in programs excluding apprenticeships - 6%
- ❑ **Student average annual rate of return on tuition** investment over their career - 29%
- ❑ **NAIT apprenticeship tuition investment payback** over their career - 154

Positive pressures

The main changes that increased the economic impact of NAIT, returns to the province, and returns to students are: budget spending including capital expenditures, enrollments, lifetime earnings differentials, apprentice and journey-person wages, and the Alberta consumer price index (cost of living).

Negative pressures

The main changes that reduced the economic impact of NAIT were returns to the Province (due to grant increases to NAIT), and returns to students (due to tuition rate increases). These were outweighed by the positive pressures.

Updating methodology

The following items were updated by NAIT staff and Gardner Pinfold. Sources of data are provided with some brief commentary regarding the influence of new data on results.

Budget information was updated based on NAIT annual reports (total increased from \$278 million to \$296 million).

Alberta Government grants to NAIT were updated based on the Government of Alberta Innovation and Advanced Education Annual Report. The operating grant was flat (\$177.3M from \$178.0M), but the infrastructure grant increased significantly (\$12.8M from \$4.8M).

Staffing was updated based on data from NAIT Human Resources Operations (small unduplicated headcount increase from 3,163 to 3,197).

Five-year average capital spending was updated based on the NAIT Consolidated Statement of Cash Flows (substantial increase from \$16 million to \$34 million).

Event participants was updated based on NAIT data (small decrease from about 13,300 to 11,700. Participant spending was updated based on a Statistics Canada reported change in consumer price index for Alberta (all items), and this was combined with the participant data by Gardner Pinfold. All items have increased by 7% since the original report.

Tuition rates were updated based on data for Canadian and International students. Rates have increased since the original report.

Enrollments were updated based on NAIT Institutional Research data for unduplicated headcounts in credit and non-credit programs. The total enrollments increased from 38,919 to 39,338 in 2014.

Number of graduates and FLE were verified based on NAIT Institutional Research data and there were negligible changes.

Alberta apprentice and journeyperson wage information was updated based on the Alberta Learning Information Service and nearly all wages have increased since the original report.

Lifetime earnings data was updated based on Statistics Canada 2011 National Household Survey (Public Use Microdata File) for Alberta residents according to highest level of education. The income differential increased between “high school only” versus both “college 1-2 year diploma” and “college over 2-year diploma”.

Alberta consumer price index (all items) is also applied to both apprentice wages and college lifetime earnings to reflect changes since the year of those data sources. This further increases lifetime earnings of NAIT graduates relative to “high school only” counterparts.

Alberta provincial and federal income tax rates were verified based on government posted rates. These remained unchanged except for a very small increase in the personal deduction amount.

Alberta economic input-output multipliers were updated based on Alberta Treasury data, and these declined slightly (e.g. 1.49 to 1.39 for the key measure, GDP).