

EXECUTIVE SUMMARY

CARIBOO COLLEGE

ECONOMIC IMPACT STUDY

**A Study of the Income Generation, Job
Creation, and Credit Base Expansion Effect of
Cariboo College on the Region**

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Any substantive errors are the responsibility of the authors.

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INTRODUCTION

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Cariboo College, a comprehensive university-college, has many significant, positive impacts on the region it serves. However, few people are aware of the role of the College as a major business enterprise. In this role, the College is an employer, consumer of goods and services, investor, landowner, and builder.

Obviously, its academic, technical, vocational, developmental and extension programs provide excellent educational and training opportunities for region residents. In addition, Cariboo College provides cultural, public service, and social benefits such as theater productions, art exhibits, senior citizens programs, youth programs, athletic events, and a variety of other special programs, seminars, workshops, and non-credit courses.

Most of these programs and activities are familiar to students, faculty, staff, administrators, and board members associated with the College as well as to many citizens throughout the region. Judging by the support the College has received since its beginning, it is reasonable to assume that large numbers of its citizens recognize that the quality of life in the area is greatly enhanced by the existence of the College and the services it offers.

As stated at the outset, Cariboo College also makes a substantial contribution to the local economy. Increased earnings of its graduates, enhancement of local workers' skills, relocation of business and industry into the area, and increased property values are just a few of the economic benefits derived from the presence of Cariboo College. These economic benefits are not, however, easily quantifiable.

In addition to these nonquantified economic benefits, other substantial benefits result from the business activities of the College. Jobs are created, money flows throughout the area, creating income for citizens, and increased funds are available to local financial institutions for loans to area residents and businesses. These economic impacts of Cariboo College are quantifiable, and their key elements can be estimated

with reasonable accuracy. This report presents the results of an economic impact study which estimated the quantifiable economic impacts Cariboo College has on its region.

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Cariboo College provides many benefits to the region. The most visible are courses, workshops, professional development opportunities, entertainment, cultural events, and exhibits, in which people directly or indirectly participate. But the presence of the College creates another seldom considered, but very important benefit - its economic impact on the region. A college is, in fact, a business. It purchases materials, supplies, and products; employs people; and provides money for investment by its citizens.

This study, conducted by the Office of Community College Relations of Illinois State University, identifies and quantifies three (3) of the major economic impacts resulting from the business-related activities of the College and its employees. While there are many other important economic benefits which could have been included in this study, the three (3) selected provide the greatest economic impact.

The Economic Impact Flowchart (Diagram 1) incorporated in this report shows the three (3) major economic benefits and the main factors contributing to each benefit. The first of these benefits, INCOME GENERATION, is comprised of purchases made by the College, the total employee payroll of the institution (full- and part-time, as well as student employees), expenditures made by the College Foundation, capital expenditures, and the financial aid monies received by students. However, these factors alone do not represent the total amount of income generated. This flow of money has a multiplier effect which creates further spending by businesses and individuals not directly associated with the College. Thus, the income generated, directly and indirectly, because of Cariboo College's operations in Fiscal Year 1990-1991 will amount to \$84,020,000 --a substantial contribution to the local economy.

The second major economic benefit is JOB CREATION. During Fiscal Year 1990-1991, the College has a faculty, staff and administration "full-time equivalent" of 675. A "full-time equivalent" faculty member is one who teaches five, three-semester-hour

courses, in addition to numerous other duties. Since some employees are part-time, it is obvious that the College has more than 675 employees.

However, economic studies have shown that many additional jobs are created indirectly as a result of the financial transactions of a business and its employees. It is estimated that because of the existence of the College, an additional 3,361 jobs are created locally. Combining the direct employment of the College, 675 full-time equivalent jobs, with the 3,361 indirect jobs resulting from the business generated by the College and its employees, will result in the employment of over 4,036 people across the College region in Fiscal Year 1990-1991.

The third major economic benefit results from the expansion of the AREA CREDIT BASE. Both the College and its employees establish checking and savings accounts with local financial institutions. Most of these deposits are then made available for loans to local businesses and individuals. It is estimated that during Fiscal Year 1990-1991, the College and its employees will have an average of \$4,324,800 deposited in area financial institutions - most of which was available for loans. Some of these monies may be forwarded to a more centralized financial institution for re-allocation. However, it is reasonable to assume that these regional financial institutions will receive monies from throughout the regional, province, and nation; and that the re-allocation will return a like proportion back to the region.

Although an institution of higher education generally is regarded as an educational asset to a region, the economic impact of a college is seldom recognized. This Economic Impact Study captures Cariboo College at a moment in time. It does not attempt to measure the rapid growth of the College, estimated to be 20 percent per year. Nor does this study reveal the substantially larger economic impact that is likely to occur in 1995 and thereafter when Cariboo College will become a comprehensive university.

**ECONOMIC IMPACT STUDY HIGHLIGHTS
CARIBOO COLLEGE**

FACT FILE

INCOME GENERATION

Direct (by college, employees, foundation, and student financial aid)	42,010,000
In-Direct (multiplier effect)	42,010,000
TOTAL INCREASE IN WEALTH	<u>\$84,020,000</u>

JOB CREATION

Direct (full-time equivalent employees)	675
In-Direct (multiplier effect)	3,361
TOTAL INCREASE IN JOBS	<u>4,036</u>

CREDIT BASE EXPANSION

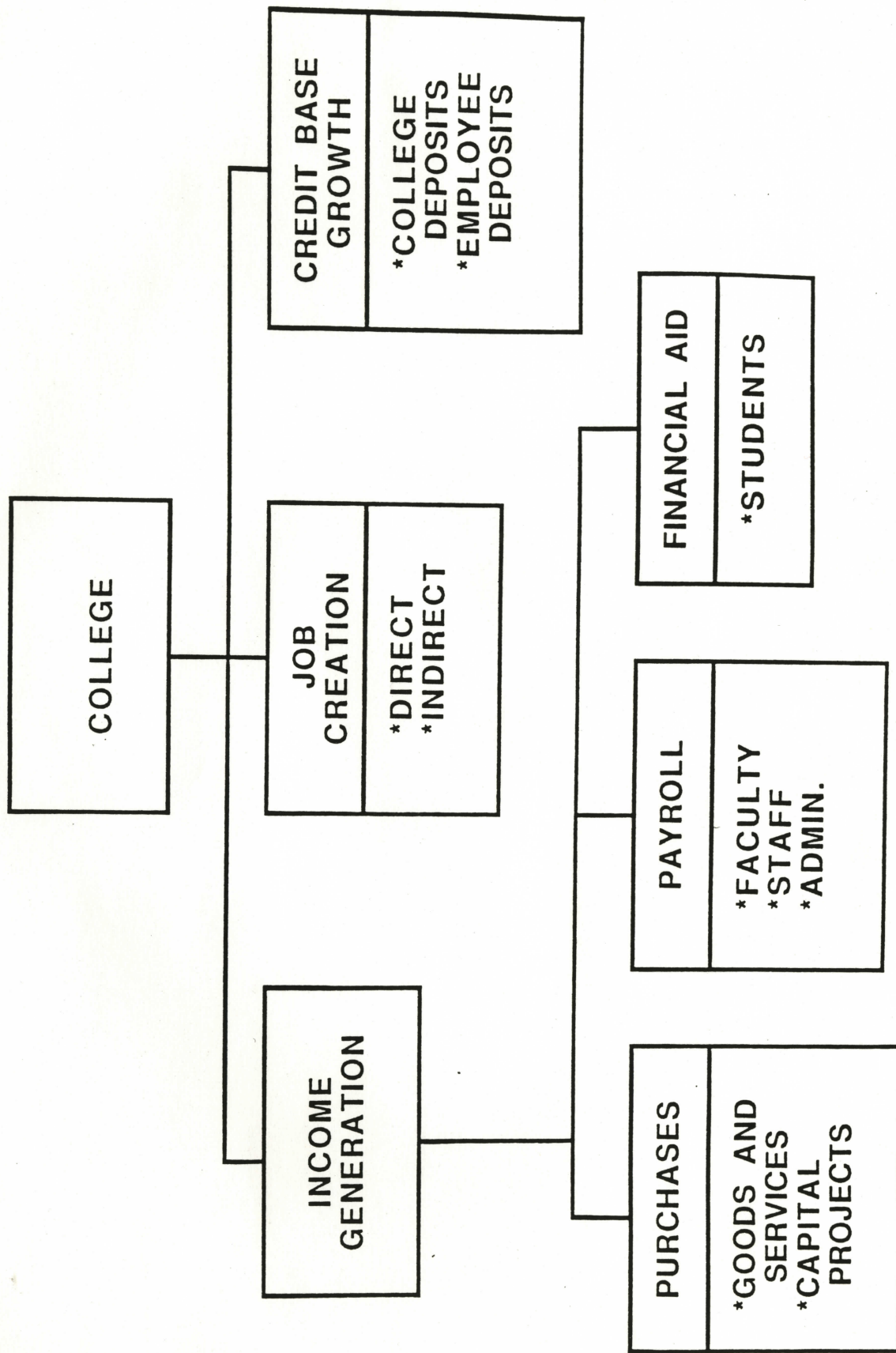
College deposits and investments	3,000,000
Employee savings	1,324,800
TOTAL EXPANSION IN CREDIT BASE	<u>4,324,800</u>

VISUAL CONCEPTUALIZATION

**ECONOMIC IMPACT
STUDY**

A Study of the Income Generation, Job
Creation, and Credit Base Expansion Effect
of a Major Business Enterprise With
Economic Impact

ECONOMIC IMPACT FLOWCHART



Quantifiable Economic Benefits

Income Generation - Direct and Indirect

- Purchases of Goods & Services**
- Capital Projects**
- Foundation Expenditures**
- Payroll - Faculty, Staff, Administration**
- Student Financial Aid**

Job Creation - Direct and Indirect

- Faculty**
- Staff**
- Administration**
- New Community Jobs**

Credit Base Expansion

- College Deposits**
- Employee Deposits**

Economic Benefits to Community

Contributes to Highly Trained Work Force

Helps Attract New Business

Assists Small Business

Retrains Workers

Increases Earning Power of Graduates

College As A Business Enterprise

- Employer
- Consumer of Goods
- User of Services
- Builder
- Investor
- Landowner

