



The Economic Value of the University of the Fraser Valley



Purpose of the study

When the University of the Fraser Valley opened in 1974 as Fraser Valley College, it was the result of more than a decade of effort by a dedicated group of citizens who saw tremendous social and economic benefits in having an institution of higher learning in the Fraser Valley. Although the University of the Fraser Valley has come a long way since its humble launch with a handful of programs offered in district school classrooms and church basements, its commitment to the Fraser Valley is embedded in its mission, vision, and values. This economic impact study is part of UFV's pledge to provide significant and lasting benefit to the communities of the Fraser Valley. The data and insight gained from this study will demonstrate how well the grand experiment has lived up to its founders' vision.

About the study

The study was done by Emsi, a labour market analytics firm that integrates data from a wide variety of sources to serve professionals in postsecondary education, economic development, workforce development, talent acquisition, and site selection. Emsi is a leading provider of economic impact studies and labour market data to educational institutions in Canada, the U.S. and internationally. Since 2000, Emsi has completed over 2,200 economic impact studies for institutions across three countries. For more information about Emsi's products and services, visit <http://www.economicmodeling.com>.

Data and assumptions used in the study are based on several sources, including the FY 2019-20 academic and financial reports from UFV, industry and employment data from Statistics Canada, outputs of Emsi's Canadian Regional Input-Output model, and a variety of studies and surveys relating education to social behaviour. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of investment effectiveness and economic impact. For a full description of the data and approach used in the study, please contact UFV for a copy of the main report.



Findings

The University of the Fraser Valley (UFV) is a key driver of socio-economic advancement in the Fraser Valley. The university transforms the lives of students and their families by providing the undergraduate and graduate level education, training, and skills needed to obtain fulfilling and prosperous careers. Across five decades and through over 40,000 alumni, UFV has positively affected the region's economy and strengthened the social fabric of the Fraser Valley and beyond to the entire Lower Mainland.

Established in 1974, UFV has campuses and centres in Abbotsford, Chilliwack, Mission, Hope, and a growing presence in Chandigarh, India. Students can choose from three master's degrees, 15 bachelor's degrees, and more than 100 programs ranging from agriculture to criminology and robotics to welding. A broad range of subjects means learners can pursue diverse pathways of scholarship leading to community connections, reconciliation, academic success, and career prosperity.

UFV is a leader in Indigenization and is committed to supporting Indigenous learners and Indigenous ways of knowing. The university recruits and retains Indigenous students, faculty, and staff, and continues to build strong relationships with the Valley's Stó:lō communities.

UFV facilitates new research development and draws students and families to the region, generating revenue and socio-economic opportunities in the Fraser Valley. UFV provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, UFV is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

UFV influences both the lives of its students and the regional economy.



UFV influences both the lives of its students and the regional economy. With an emphasis on experiential learning, the university supports a variety of industries in the Fraser Valley,^{*} supplies knowledgeable graduates to industry, serves regional businesses, and benefits the provincial government through increased tax revenues and public sector savings. The benefits created by UFV extend beyond the region and positively impact society as a whole in British Columbia.

This study measures the economic impacts created by UFV in the business community and the benefits the university generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:



Economic impact analysis



Investment analysis

All results reflect employee, student, and financial data, provided by the university for fiscal year (FY) 2019-20. Impacts on the Fraser Valley economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in British Columbia are reported under the investment analysis.



* For the purposes of this analysis, the Fraser Valley is comprised of Abbotsford, Agassiz, Chilliwack, Hope, and Mission census subdivisions in British Columbia.

ECONOMIC IMPACT ANALYSIS



UFV promotes economic growth in the Fraser Valley through its direct expenditures and the resulting expenditures of students and regional businesses. The university serves as an employer and buyer of goods and services for its day-to-day and research operations. The university's reputation and activities attract students from outside the Fraser Valley, whose expenditures benefit regional vendors. In addition, UFV is a primary source of postsecondary education to the Fraser Valley residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact

 UFV adds economic value to the Fraser Valley as an employer of regional residents and a large-scale buyer of goods and services. In FY 2019-20, the university employed faculty and staff equivalent to 1,130 full-time employees (excluding research employees), 77% of whom lived in the Fraser Valley. Total payroll at UFV was \$100.4 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. In addition, the university spent \$33 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).

UFV's day-to-day operations spending added \$99.7 million in income to the region during the analysis year. This figure represents the university's payroll, the multiplier effects generated by the in-region spending of the university and its employees, and a downward adjustment to account for funding that the university received from regional sources. The \$99.7 million in added income is equivalent to supporting 1,194 jobs in the region.

Research spending impact

 In FY 2019-20, UFV spent \$3.5 million on payroll to support research activities. This, along with \$468.6 thousand in other research spending, created a net total of \$2.7 million in added income for the regional economy. This added income is equivalent to supporting 34 jobs.

IMPACTS CREATED BY UFV IN FY 2019-20



Operations spending impact
\$99.7 million



Research spending impact
\$2.7 million



Student spending impact
\$25.2 million



Alumni impact
\$592.2 million



TOTAL ECONOMIC IMPACT
\$720 million

OR

Jobs supported
9,488

Student spending impact

 Around 39% of students attending UFV originated from outside the region in FY 2019-20, and some of these students relocated to the Fraser Valley to attend UFV. These students may not have come to the region if the university did not exist. In addition, some in-region students, referred to as retained students, would have left the Fraser Valley if not for the existence of UFV. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$25.2 million in added income for the regional economy in FY 2019-20, which supported 569 jobs in the Fraser Valley.

Impact of international students

International students are an important part of the UFV community. In FY 2019-20, UFV served 2,353 international students, many of whom relocated to the Fraser Valley. These students brought new money to the regional economy through their spending on housing, food, and other living expenses. International student spending in FY 2019-20 generated \$13.6 million in added income for the regional economy.

It is estimated that 50% of international students remain in the region after finishing their time at UFV. Today, thousands of these students are employed in the Fraser Valley, receiving higher earnings and increasing the productivity of the businesses that employ them. In FY 2019-20, these active alumni generated \$26.9 million in added income for the economy.

Alumni impact

 The education and training UFV provides for regional residents has the greatest impact. Since its establishment, students have studied at UFV and entered the regional workforce with enhanced knowledge and new skills. Today, thousands of former UFV students are employed in the Fraser Valley. As a result of their UFV education, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2019-20, UFV alumni generated \$592.2 million in added income for the regional economy, which is equivalent to supporting 7,690 jobs.

UFV's co-op program

For 21-year-old UFV student Paras Kalra, there is no better “classroom” than his co-op position at Kerkhoff Technologies Inc. (KTI).

In his role as a support technician, Paras handles support tickets flowing live across the large wall-mounted monitors around the office. Curiosity and opportunity led him to branch out to firewalls and backup.

“I never thought this to be a career path until I joined KTI,” he says. “And now I feel like I can learn and grow more in this particular field.”

It helps that Paras’s boss, UFV alumnus **Wim Kerkhoff** (BCIS ’06), is no stranger to the university’s co-op program.

“I was a UFV co-op student myself 20 years ago,” says Wim.

Total impact

UFV added \$720 million in income to the Fraser Valley economy during the analysis year, equal to the sum of the operations and research spending impacts, the student spending impact, and the alumni impact. For context, the \$720 million impact was equal to approximately 6.4% of the total gross regional product (GRP) of the Fraser Valley. This contribution that the university provided on its own is larger than the entire retail trade industry in the region.

UFV's total impact can also be expressed in terms of jobs supported. The \$720 million impact supported 9,488 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 14 jobs in the Fraser Valley is supported by the activities of UFV and its students. In addition, the \$720 million, or 9,488 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, UFV's activity and alumni in the Health Care & Social Assistance industry sector supported 1,664 jobs in FY 2019-20. These are impacts that would not have been generated without the university's presence in the Fraser Valley.

TOP INDUSTRY IMPACTS
(JOBS SUPPORTED)



Nursing in a pandemic

Who would have guessed that the nursing class of 2020 would find themselves working in a pandemic?

Amy Mueller and her classmates finished their Bachelor of Science in Nursing in December 2019.

"I've come to realize that some of my greatest learning opportunities have also been disguised as some of my greatest challenges. Being a newly graduated RN in the face of a pandemic has been no different. June 2020 should have been convocation time for me; however, that was paused, as was much of life at the moment!"

Mueller is currently employed locally with Fraser Health, as are most of her fellow grads, in addition to working for the Public Health Agency of Canada as part of the federal COVID-19 response.

"As a newly graduated RN, I have come to realize discomfort is the norm. At the beginning of 2020, I was filled with excitement, stress and anxiety as I anticipated starting my new career as an RN. As those feelings came and went, I was faced with new responsibilities and a new role, both of which take time to adjust to."



INVESTMENT ANALYSIS



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers UFV as an investment from the perspectives of students, taxpayers, and society in British Columbia.

Student perspective



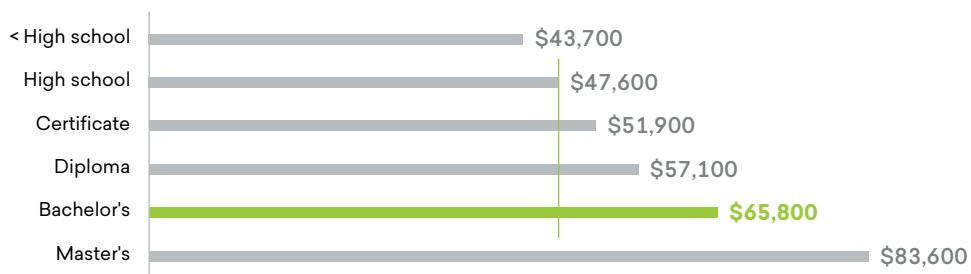
In FY 2019-20, UFV served 12,860 credit and 2,816 non-credit students.

In order to attend the university, the students paid for tuition, fees, books, and supplies. Additionally, students gave up money they would have otherwise earned had they been working instead of attending university. The total investment made by UFV's students in FY 2019-20 amounted to a present value of \$216.8 million, equal to \$84.5 million in out-of-pocket expenses and \$132.3 million in forgone time and money.

In return for their investment, UFV's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average UFV bachelor's degree graduate from FY 2019-20 will see an increase in earnings of \$18,200 each year compared to a person with a high school diploma or equivalent working in British Columbia. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$709.8 thousand in higher earnings per graduate. Altogether, UFV's FY 2019-20 students will receive \$360.1 million in higher future earnings over their working lives, as a result of their education and training at UFV.

The students' benefit-cost ratio is 1.7. In other words, for every dollar students invest in UFV, 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 students' investment in UFV has an average annual internal rate of return of 10.8%.

The average bachelor's degree graduate from UFV will see an increase in earnings of **\$18,200** each year compared to a person with a high school diploma or equivalent working in British Columbia.



Source: Derived from data supplied by Statistics Canada and the Emsi CRIQ model.

Stítós Lá:lém Totílt

Not too many people can say that they've named a school before they even finished their teacher training.

Tsandlia Van Ry can.

She and a small group of community members proposed the name Stítós Lá:lém Totílt ('place of crossing, house of learning' in Halq'eméylem) for the new elementary/middle school under construction in Chilliwack. This name reflects the historical significance of the territory where the school is being built.

Van Ry is receiving her second credential, a Bachelor of Education, from UFV this spring, after having completed a Bachelor of Kinesiology in 2018. But her connection to UFV goes back longer than that. When UFV had a childcare centre in the mid-1990s, she attended as a baby and toddler before moving away. One could say UFV has been a part of her life from the very beginning.

As a young woman she returned to S'ólh Téméxw (Our Land), the traditional home of the Stó:lō people, to pursue studies at UFV. And her reconnection with her culture began, fueled mostly by community connection but also by her learning journey at UFV.



Taxpayer perspective



UFV generates more in tax revenue than it takes in through government funding. These benefits to taxpayers consist primarily of taxes

that the provincial government will collect from the added revenue created in the province. As UFV students earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2019-20 students' working lives,

the provincial government will have collected a present value of \$264 million in added tax revenue.

Benefits to taxpayers also consist of savings generated by reduced government services. Education is statistically correlated with a variety of lifestyle changes: healthier habits, good citizenship, and financial self-sufficiency. As a result, improved health will lower students' demand for health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and victim costs. UFV students will be more employable, so their reduced demand for income assistance will benefit taxpayers. While UFV is not single-handedly responsible for these lifestyle changes, the education provided by UFV acts as a catalyst for them. For a list of study references, contact the university for a copy of the main report. Altogether, the present value of the benefits associated with a UFV education will generate \$8.1 million in savings to provincial taxpayers.

For every dollar of public money invested in UFV, taxpayers will receive a cumulative value of **\$4.00** over the course of the students' working lives.

Total taxpayer benefits amount to \$272.1 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$68.9 million, equal to the amount of provincial government funding UFV received in FY 2019-20. These benefits and costs yield a benefit-cost ratio of 4.0. This means that for every dollar of public money invested in UFV in FY 2019-20, taxpayers will receive a cumulative value of \$4.00 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 16.9%, which compares favorably to other long-term investments in the public and private sectors.

Social perspective

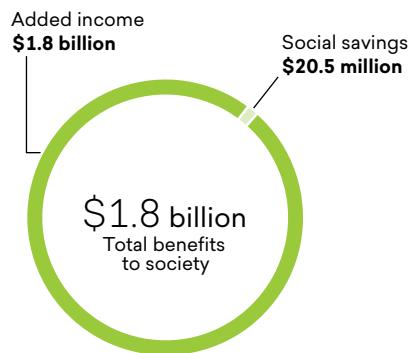


Society as a whole in British Columbia benefits from the presence of UFV in two major ways. Primarily, society benefits from an increased economic base in the province. This is attributed to higher student earnings and increased business output, which raise economic prosperity in British Columbia.

Benefits to society also consist of the savings generated by the improved lifestyles of UFV students. As discussed in the previous section, education is statistically correlated with a variety of positive lifestyle changes that generate social benefits and reduce the social costs of poor health, crime, and poverty. For a list of study references, contact the university for a copy of the main report.

Altogether, the social benefits of UFV equal a present value of \$1.8 billion. These benefits include \$1.8 billion in added income through students' increased lifetime earnings and increased business output, as well as \$20.5 million in social savings

SOCIAL BENEFITS IN BRITISH COLUMBIA FROM UFV



Source: Emsi impact model.

Changing communities

Jesse Wegenast leads with love and compassion in all that he does. As a pastor with 5 and 2 Ministries and a resource person with Archway Community Services who serves as an intermediary for those who are unhoused, poor, mentally ill, aged, and struggling with addictions, Wegenast's actions have had a profound impact, helping to reshape conversations around support, public space, addictions, and the lack of accommodation (both social and physical) for Abbotsford's most marginalized populations.

Wegenast earned his BA in Geography at UFV in 2012, but even before graduation he was organizing free meals for Abbotsford's most marginalized citizens in Jubilee Park.

He has spent the past decade as one of Abbotsford's leading advocates for the rights of the homeless and those dealing with addictions.



related to poor health, crime, and poverty in British Columbia. People in British Columbia invested a present value total of \$278.5 million in UFV in FY 2019-20. These costs include all university and student costs.

The benefit-cost ratio for society is 6.6, equal to the \$1.8 billion in benefits divided by the \$278.5 million in costs. In other words, for every dollar invested in UFV, people in British Columbia will receive a cumulative value of \$6.60 in benefits. The benefits of this investment will occur for as long as UFV's FY 2019-20 students remain employed in the provincial workforce.

Summary of investment analysis results

The results of the analysis demonstrate that UFV is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in a UFV education. At the same time, taxpayers' investment in UFV returns more to government budgets than it costs and creates a wide range of social benefits throughout British Columbia.

 STUDENT PERSPECTIVE	 TAXPAYER PERSPECTIVE	 SOCIAL PERSPECTIVE
Present value benefits \$360.1 million	Present value benefits \$272.1 million	Present value benefits \$1.8 billion
Present value costs \$216.8 million	Present value costs \$68.9 million	Present value costs \$278.5 million
Net present value \$143.3 million	Net present value \$203.2 million	Net present value \$1.6 billion
Benefit-cost ratio 1.7	Rate of return 10.8%	Benefit-cost ratio 4.0
	Benefit-cost ratio 16.9%	Rate of return n/a*

* The rate of return is not reported for the social perspective because the beneficiaries of the investment are not necessarily the same as the original investors.

CONCLUSION

The results of this study demonstrate that UFV creates value from multiple perspectives. The university benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. UFV enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits provincial taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, UFV benefits society as a whole in British Columbia by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

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