



The Economic Impact of NAIT on the Province of Alberta was over \$500 Million in 2010/11

INTRODUCTION

The contributions of post-secondary institutions to local communities and the province are diverse and extensive. Since 1962, NAIT has played a significant role in the economic development of the city of Edmonton and the province of Alberta.

During the 2010/11 academic year, almost 20,187 full-time and apprenticeship students enrolled at NAIT campuses to receive education and training that met their personal goals while serving the labour market needs of the economy. In addition, there were over 22,482 credit and non-credit students in Continuing Education programs. However, the economic benefits of the institute extend beyond the provision of education and job training.

As a substantive consumer of goods and services, the financial activities of NAIT and its community ripple through the provincial economy, creating jobs and opportunities that otherwise would not exist. These further economic benefits are a consequence of the “multiplier effect.” This study focuses on the impact NAIT exerts upon the economy and describes the expenditures of NAIT and the NAIT community of staff, students and visitors. Through the application of a multiplier, the total economic impact of the organization is determined.

In 2010/11, NAIT’s total economic impact on the Alberta economy was over \$500 million.

CURRENT SETTING

In terms of credit full load equivalent enrolment (FLE), NAIT is the third-largest post-secondary institute in Alberta, offering nearly 200 applied degree, diploma, certificate and apprenticeship programs.

In the 2010/11 academic year, NAIT served a total of 10,141 FLE in all full-time, apprenticeship, and Continuing Education credit programs. The demand for full-time programs remains stable, as NAIT received 16,465 applications that would qualify for the 4,742 quota positions offered in 2010/11, an application-to-quota ratio of almost 3.5:1.

NAIT ranks third within the Alberta post-secondary sector in the number of students enrolled (based on credit FLE), behind only the University of Alberta and the University of Calgary.

NAIT ranks first in the number of apprentices trained each year. In 2009/10, NAIT provided 43% of all apprenticeship training in Alberta. During recent years, the total number of apprentices registered in Alberta has increased in response to the growing demands of the economy. Between 2005/06 and 2009/10, apprenticeship enrolment at NAIT increased by 26%.

In 2010, NAIT was the 44th largest overall employer and the 9th largest not-for-profit employer in the province (Alberta Venture Magazine). Of NAIT’s total staff complement (3,121 full-time and part-time employees), 46% are instructional or instructional support, 30% are institutional support, 19% are clerical, 4% are administrative and supervisory, and 1% are non-NAIT employees working within the institute.

IMPACT ON THE ALBERTA ECONOMY

NAIT Revenue

In 2010/11, revenue for NAIT was almost \$313 million (see Table 1). Fifty-seven per cent of the institute's revenue came from government grants, with additional earnings derived from tuition fees, earned revenue programs, and provision of ancillary services such as parking and food services.

Table 1: NAIT Revenues (July 1, 2010 - June 30, 2011)		
Source	Amount (000s)	% of Total
Grants	\$177,063	57%
Student tuition and related fees	\$69,399	22%
Sales, rentals and services	\$37,135	12%
Donations and other contributions	\$3,492	1%
Investment income	\$11,222	4%
Amortization of deferred capital contributions	\$14,460	5%
Total	\$312,771	100%

Direct Expenditures Attributed to NAIT

NAIT returns most of its annual revenue directly to the economy through the remuneration of its employees and the purchase of goods and services. These expenditures contribute significantly to the local and provincial economy. In 2010/11, NAIT staff earned net salaries totaling over \$109 million that could be spent in the economy. Also in 2010/11, NAIT spent an estimated \$83 million on provincially provided goods and services, with \$71 million of that amount being spent in the Greater Edmonton Area.

NAIT retired staff living in the province also impact the economy. Almost 800 retired NAIT staff reside in Alberta. In 2011, these individuals will have received net pensions of \$10.5 million, combined.

Another economic impact that can be attributed to NAIT is the money spent by the numerous visitors who travel to the institute. Throughout the year, NAIT is host to various conferences, sporting events, and international delegations and projects. In the 2010/11 school year, the estimated direct expenditures of NAIT visitors were \$29 million.

Various surveys conducted with students at NAIT provide a fairly complete demographic picture of the student population (see Table 2). The Alberta Students Finance Board estimates the monthly living expenses for a single student living away from home at about \$941 per month. Table 2 combines the known demographics of NAIT students with an estimate of the annual expenditures of each student group. Total spending for all groups reached \$62 million in 2010/11.

Table 2: Estimated Student Expenditures		
Student Residential Model (based on 2011/12 SFB Rates)	% of NAIT Students	Direct Annual Expenditures
Single at home	47%	\$13,830,712
Single, away from home	40%	\$25,639,677
Single parent with child	3%	\$4,577,541
Married	3%	\$4,095,264
Married with child	7%	\$14,223,754
Total	100%	\$62,366,948

The total expenditures that can be directly attributed to NAIT during 2010/11 were almost \$295 million. A summary of these expenditures is provided in Table 3.

Table 3: Total Expenditures Directly Attributed to NAIT	
Type of Economic Impact	Economic Impact Directly Attributed to NAIT
Staff Salaries	\$109,918,283
NAIT Purchases	\$82,773,649
NAIT Retired Staff Expenditures	\$10,513,080
NAIT Visitor Expenditures	\$29,031,060
Student Expenditures	\$62,366,948
Total Economic Impact	\$294,603,020

Total Impact of NAIT on the Economy

As NAIT and the individuals associated with the institute make these purchases, a chain reaction of spending begins (a multiplier effect). Economic impact studies suggest a conservative estimate of 70 cents of additional income generated for every dollar spent by an educational institution. Hence with a multiplier of 1.7, the total effect of NAIT's direct expenditures and those attributed to the institute (such as student spending) grows to over \$500 million. Details of this total effect are shown in Table 4.

Table 4: Total Impact of NAIT on the Alberta Economy	
Type of Economic Impact	Direct and Indirect Economic Impact (multiplier of 1.7)
Staff Salaries	\$186,861,081
NAIT Purchases	\$140,715,203
NAIT Retired Staff Expenditures	\$17,872,236
NAIT Visitor Expenditures	\$49,352,802
Student Expenditures	\$106,023,812
Total Economic Impact	\$500,825,134

NAIT directly employs almost 2,180 full-time equivalent persons. Economic impact studies propose that for every job created by a post-secondary institute, half a job is created to produce and handle the goods and services required by students, staff and visitors. Thus an estimated 3,270 full-time jobs in the province of Alberta can be attributed to the presence of NAIT.

NAIT also impacts the local economy through its graduates. A follow-up study of the Class of 2002 showed that five years after graduation, 92% of certificate, diploma, and applied degree graduates, and 97% of apprenticeship completers, remain in the province. These individuals continuously contribute to Alberta's prosperity in terms of tax revenue and purchasing power.