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THOMPSON RIVERS UNIVERSITY

The Economic Value of Thompson Rivers University Capital Projects

EXECUTIVE SUMMARY

Emsi

THIS analysis considers the economic impact of recent capital projects at Thompson Rivers University (TRU). These projects include campus maintenance, renovations of the first and second floors of TRU's Old Main Building, and the construction of the Industrial Training & Technology Centre (ITTC) and the Nursing & Population Health (NPH) Building. Capital spending for these projects will amount to $87.4 million from FY 2016 to FY 2021. These projects will expand the university's capacity and allow it to positively affect a greater number of students and, through those students, the economy at large.[1]

These projects will expand the university's capacity and allow it to **positively affect a greater number of students** *and, through those students, the economy at large.*

The initial capital investment will create short-run spending impacts through the construction of state-of-the-art facilities. These new capacities will allow the TRU to better serve its existing student population as well as additional students whom they would otherwise not be able to serve. The capital projects will create new jobs for additional faculty and staff and will increase the associated day-to-day purchases from the regional businesses. Additionally, TRU will attract more students to the region and retain students in the region that would have left, thus positively impacting the regional economy through the students' spending. This will provide a steady stream of long-run spending impacts year after year. Lastly, as the students who would otherwise not have been served graduate, they will generate long-run benefits within the region. Four types of impacts are estimated:

- **Short-run capital spending impacts**
- **Long-run operations spending impacts**
- **Long-run student spending impacts**
- **Long run alumni impacts**

1 This analysis reflects planning assumptions as of May 2019. If additional funding is secured in the future, TRU may expand its capacity beyond what is projected in this analysis. Nevertheless, this analysis reflects realistic and conservative estimates of the impact of these capital projects.

This analysis spans from FY 2016, when spending for the capital projects began, to FY 2026, the final year of this analysis. We estimate the total impacts that will be created by FY 2026, as well as the annual impacts that will occur long after FY 2026. The impacts are measured on the TRU Region, which is TRU's college region designated by the Government of British Columbia.[2]

Short-Run Capital Spending Impacts

As the $87.4 million is spent, it will create a significant amount of new economic activity that will ripple throughout the TRU Region economy. These impacts span from FY 2016, when the capital spending began, to FY 2021, when the capital spending will be completed.

From FY 2016 to FY 2021, the capital spending will create a present value[3] of **$41.4 million** in total added income for the TRU Region.

Long-Run Operations Spending Impacts

As the capital projects are completed, they will add various capacities that will help TRU meet excess student demand. Utilizing these new capacities will create the demand for added faculty and staff and their associated day-to-day operational expenditures. These operations spending impacts began in FY 2019, when the ITTC became operational, and will steadily increase as enrolment at the ITTC increases. In FY 2021, when the NPH Building becomes operational, these impacts will increase yet further. Operations for both new facilities are expected to stabilise in FY 2025.

From FY 2019 to FY 2026, the final year of this analysis, the increased operations spending resulting from the capital projects will create a present value of **$11.4 million** in total added income.

As long as the additional capacities created by the capital projects are utilised, there will be recurring operations spending impacts. After FY 2025, when annual operations spending stabilises, the long-run operations spending impact will benefit the TRU Region's economy with **$2.5 million** in added income annually, which is equivalent to supporting **23 jobs** per year.

2 This region is comprised of a group of census subdivisions in south central British Columbia.

3 For the purposes of this study, present values are in 2018 dollars. This is to provide consistency with TRU's comprehensive university-wide economic impact study, which uses FY 2018 as the year of analysis.

Long-Run Student Spending Impacts

As the capital projects are completed, they will allow TRU to serve additional students it would not have otherwise had the capacity to serve. Some of these students will relocate from outside the TRU Region. Some students from the region may leave if not for the added capacities at TRU. The money that these students will spend toward living expenses in the TRU Region is attributable to the capital projects.

From FY 2020, when the first additional students enroll, to FY 2026, the last year of this analysis, the students' spending will create a present value of **$5 million** in total added income for the regional economy.

There will be recurring annual student spending impacts as long as the capital projects allow TRU to serve additional students. By FY 2024, when the annual students served per year stabilise, the long-run student spending impact will benefit the regional economy with **$1 million** in added income annually, which is equivalent to supporting **19 jobs** each year.

Long-Run Alumni Impacts

The added capacities created by the capital projects will help TRU respond to the demands of a growing economy and student population. The added capacities will create additional alumni who otherwise would not have been served by TRU. These alumni represent a significant increase in the stock of human capital available to the TRU Region's economy. They will begin to accrue in FY 2020, when the first additional students graduate. The added earnings and increased productivity of these alumni will create long-run impacts across the regional economy.

Accounting for an enrolment ramp-up period, by FY 2026, the increased capacities created by the capital projects will have produced over 900 additional alumni. From FY 2020 to FY 2026, the additional alumni will add a present value of **$8.9 million** in total added income for the regional economy.

By FY 2026, the last year of this analysis, alumni are estimated to add **$3.9 million** in income to the economy per year, supporting **42 jobs**. This annual impact is expected to increase every year as the TRU continues to serve more students and they enter the regional workforce.

PRESENT VALUE IMPACTS,
FY 2016 TO FY 2026

$41.4 million
Short-run Capital Spending Impact

$11.4 million
Long-run Operations Spending Impact

$5 million
Long-run Student Spending Impact

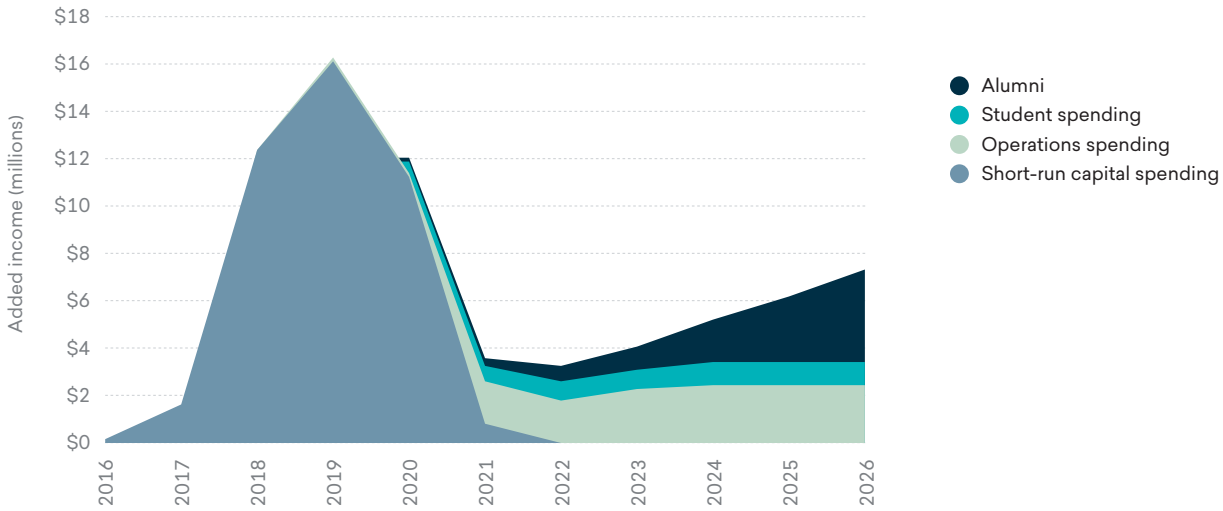
$8.9 million
Long-run Alumni Impact

$66.7 million
TOTAL IMPACT

Total Impacts

From FY 2016 to FY 2026, the present value of short-run and long-run impacts created by the capital projects will create a total economic impact on the TRU Region's economy of **$66.7 million** in added income. After FY 2026, the total annual impact from the capital projects will be at least **$7.4 million** in added income. This is equivalent to supporting **84** jobs every year.

TOTAL IMPACTS FROM FY 2016 TO FY 2026, UNDISCOUNTED



Conclusion

The results of this study demonstrate that the capital projects will create value for the TRU Region's economy through many avenues. From the very beginning, the projects will impact the economy through short-term capital spending. Once the new facilities are operational, they will bring money into the region, impacting the regional economy. The capital projects will allow TRU to serve more students, helping meet the growing student demand. These students' daily spending will grow the regional economy. Finally, as these students graduate from TRU, they will help meet the needs of the regional economy and add to the productivity of the regional workforce.

About the Study

Data and assumptions used in the study are based on several sources, including data from TRU, industry and employment data from Statistics Canada, and outputs of Emsi's Canadian Regional Input-Output model. The study applies a conservative methodology and follows standard practice using only the most recognised indicators of economic impact. For a full description of the data and approach used in the study, please contact TRU for a copy of the main report.

Emsi

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