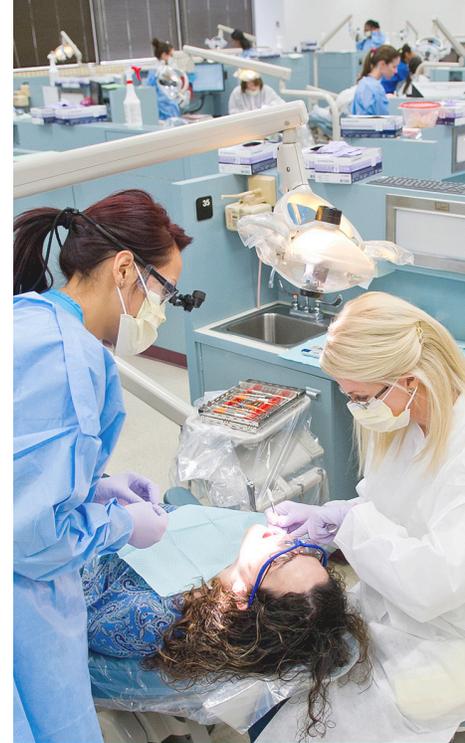


THE ECONOMIC VALUE TO TEXAS OF TEXAS A&M UNIVERSITY HEALTH SCIENCE CENTER

Fiscal year of analysis 2017 – 2018

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Texas A&M University Health Science Center (Texas A&M HSC) encompasses research, administration, and clinical services for their five colleges as a component of Texas A&M University. Texas A&M HSC creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2017-18 (September 1, 2017 to August 31, 2018). An electronic version of the executive summary and fact sheet are available at: economicimpact.tamu.edu.

IMPACT ON THE BUSINESS COMMUNITY

During the analysis year, Texas A&M HSC's spending on operations and research, its start-up activities, and the spending of its students and visitors added **\$239.5 million** to the state economy. When also accounting for former students, the impact sums to **\$635.7 million** in total income to the Texas economy. The economic impacts of Texas A&M HSC break down as follows:

OPERATIONS SPENDING IMPACT

- Texas A&M HSC employed 1,266 full-time and part-time employees in FY 2017-18 (less research). Payroll amounted to **\$129.3 million**, much of which was spent in Texas to purchase groceries, clothing, and other household goods and services. The university spent another **\$61.3 million** to support its day-to-day operations (less research).

- The net impact of Texas A&M HSC payroll and expenses (less research) in Texas during the analysis year was approximately **\$89.1 million** in total income. This is equivalent to supporting **947** jobs.

RESEARCH SPENDING IMPACT

- Research activities at Texas A&M HSC impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Texas through inventions, patent applications, and licenses. In FY 2017-18, Texas A&M HSC spent **\$38.6 million** on payroll to support research activities.
- Texas A&M HSC's research spending generated **\$95.4 million** in total income for the Texas economy, which is equivalent to supporting **1,080** jobs.

CONSTRUCTION SPENDING IMPACT

- Texas A&M HSC commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of Texas A&M HSC's construction spending in FY 2017-18 was **\$5.7 million** in total income for the Texas economy, which is equivalent to supporting **77** jobs.

START-UP COMPANY IMPACT

- Texas A&M HSC creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created by Texas A&M HSC.
- In FY 2017-18, Texas A&M HSC's start-up companies generated **\$25.6 million** in total income for the Texas economy, which is equivalent to supporting **82** jobs.

STUDENT SPENDING IMPACT

- Around **13%** of credit-bearing students attending Texas A&M HSC originated from outside the state. Some of these students, called relocater students, moved to Texas. In addition, a number of students would have left the state if not for Texas A&M HSC. These relocater and retained students spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of relocater and retained students during the analysis year added approximately **\$21.5 million** in total income to the Texas economy. This is equivalent to supporting **387** jobs.

VISITOR SPENDING IMPACT

- Out-of-state visitors attracted to Texas for activities at Texas A&M HSC brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$2.2 million** in total income for the Texas economy, which is equivalent to supporting **44** jobs.

TOTAL TEXAS A&M HSC IMPACT

- The total Texas A&M HSC impact on the Texas economy amounted to **\$239.5 million** in added income, equivalent to supporting **2,617** jobs.

FORMER STUDENT IMPACT

- Over the years, students have studied at Texas A&M HSC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Texas.
- The accumulated contribution of former students currently employed in the Texas workforce amounted to **\$396.2 million** in total income during the analysis year. This is equivalent to supporting **6,316** jobs.

GRAND TOTAL IMPACT

- The overall impact of Texas A&M HSC on the state business community during the analysis year amounted to **\$635.7 million** in total income, equal to the sum of the total Texas A&M HSC impact and the former student impact. This is equivalent to supporting **8,933** jobs in the state.

IMPACTS CREATED BY TEXAS A&M HSC AND ITS FORMER STUDENTS IN FY 2017-18

Total Income	Jobs
OPERATIONS SPENDING IMPACT	
\$89.1 MILLION	947
RESEARCH SPENDING IMPACT	
\$95.4 MILLION	1,080
CONSTRUCTION SPENDING IMPACT	
\$5.7 MILLION	77
START-UP COMPANY IMPACT	
\$25.6 MILLION	82
STUDENT SPENDING IMPACT	
\$21.5 MILLION	387
VISITOR SPENDING IMPACT	
\$2.2 MILLION	44
TOTAL TEXAS A&M HSC IMPACT	
\$239.5 MILLION	2,617
FORMER STUDENT IMPACT	
\$396.2 MILLION	6,316
GRAND TOTAL IMPACT	
\$635.7 MILLION	8,933

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

STUDENT PERSPECTIVE

- Texas A&M HSC's 2017-18 students were charged a total of **\$41.8 million** to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent **\$104.3 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students will receive a present value of **\$644.4 million** in increased earnings over their working lives. This translates to a return of **\$4.41** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **17.9%**.

TAXPAYER PERSPECTIVE

- In FY 2017-18, state and local taxpayers in Texas paid **\$169 million** to support the operations of Texas A&M HSC. The net present value of the added tax revenue stemming from the students'

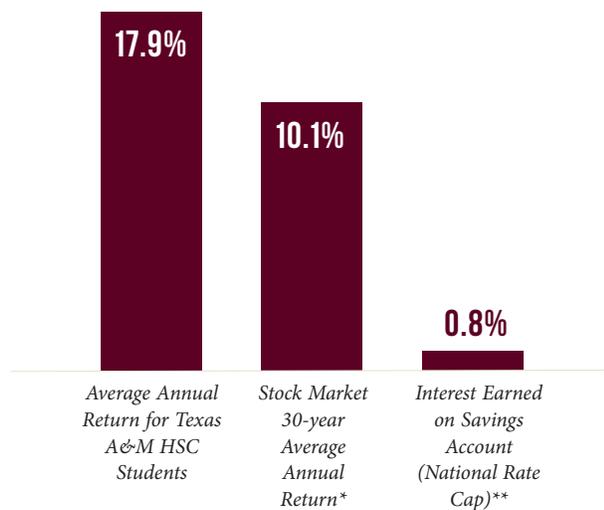
higher lifetime earnings and the increased output of businesses amounts to **\$154.4 million** in benefits to taxpayers. Savings to the public sector add another **\$26.6 million** in benefits due to students' reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a **1.07** benefit-cost ratio, i.e., every dollar in costs returns \$1.07 in benefits. The average annual return on investment for taxpayers is **1.0%**.

SOCIAL PERSPECTIVE

- Society as a whole in Texas will receive a present value of **\$2.5 billion** in added state revenue over the course of the students' working lives. Society will also benefit from **\$98.2 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on educations obtained at Texas A&M HSC during the analysis year, society will receive a cumulative value of **\$6.39** in benefits, for as long as the FY 2017-18 student population at Texas A&M HSC remains active in the state workforce.

STUDENT RATE OF RETURN



*Forbes' S&P 500, 1987-2016.

**FDIC.gov, 7-2017.

FOR EVERY \$1 SPENT BY...

STUDENTS	\$4.41 Gained in lifetime earnings for STUDENTS
TAXPAYERS	\$1.07 Gained in added taxes and public sector savings for TAXPAYERS
SOCIETY	\$6.39 Gained in added state revenue and social savings for SOCIETY