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

Fiscal year of analysis 2018 - 2019

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 received by each of these groups. Results of the analysis reflect fiscal year (FY) 2018-19 (September 1, 2018 to August 31, 2019). 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, research, and construction, along with its entrepreneurial activities and the spending of its students and visitors, added $203.1 million in income to the Texas economy. When also accounting for former students, the impact sums to a value approximately equal to $508.2 million in total income to the Texas economy. Expressed in terms of jobs, Texas A&M HSC’s impact supported 7,108 jobs. The economic impacts of Texas A&M HSC break down as follows:

OPERATIONS SPENDING IMPACT
• Texas A&M HSC employed 1,682 full-time and part-time faculty and staff in FY 2018-19 (less research). Payroll amounted to $140.8 million, much of which was spent in the state for groceries, clothing, and other household goods and services. Texas A&M HSC spent another $56.3 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 $47.3 million in total income. This is equivalent to supporting 334 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 2018-19, Texas A&M HSC spent $40.4 million on payroll and $49.4 million on
other expenses to support research activities.

- Texas A&M HSC’s research spending generated $94.7 million in total income for the Texas economy, which is equivalent to supporting 1,165 jobs.

CONSTRUCTION SPENDING IMPACT

- Texas A&M HSC commissioned contractors to build or renovate its facilities, create additional capacities, and meet its growing educational demands, 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 2018-19 was $6.2 million in total income for Texas, which is equivalent to supporting 94 jobs.

START-UP & SPIN-OFF COMPANY IMPACT

- Texas A&M HSC creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created by Texas A&M HSC.
- In FY 2018-19, Texas A&M HSC’s start-up and spin-off companies generated $28.8 million in total income for the Texas economy, which is equivalent to supporting 93 jobs.

STUDENT SPENDING IMPACT

- Around 12% of credit-bearing students attending Texas A&M HSC originated from outside the state. Some of these students, called relocator students, moved to Texas. In addition, a number of students would have left the state if not for Texas A&M HSC. These relocator and retained students spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of relocator and retained students during the analysis year added approximately $23.8 million in total income to the Texas economy. This is equivalent to supporting 497 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 $2.4 million in total income for the Texas economy, which is equivalent to supporting 54 jobs.

TOTAL TEXAS A&M HSC IMPACT

- The total Texas A&M HSC impact on the Texas economy amounted to $203.1 million in added income, equivalent to supporting 2,236 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 knowledge and skills. Today, thousands of these former students are employed in Texas.
- The accumulated contribution of former students currently employed in the Texas workforce

<table>
<thead>
<tr>
<th>IMPACTS CREATED BY TEXAS A&amp;M HSC AND ITS FORMER STUDENTS IN FY 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Income</strong></td>
</tr>
<tr>
<td>OPERATIONS SPENDING IMPACT</td>
</tr>
<tr>
<td>$47.3 MILLION</td>
</tr>
<tr>
<td>RESEARCH SPENDING IMPACT</td>
</tr>
<tr>
<td>$94.7 MILLION</td>
</tr>
<tr>
<td>CONSTRUCTION SPENDING IMPACT</td>
</tr>
<tr>
<td>$6.2 MILLION</td>
</tr>
<tr>
<td>START-UP &amp; SPIN-OFF COMPANY IMPACT</td>
</tr>
<tr>
<td>$28.8 MILLION</td>
</tr>
<tr>
<td>STUDENT SPENDING IMPACT</td>
</tr>
<tr>
<td>$23.8 MILLION</td>
</tr>
<tr>
<td>VISITOR SPENDING IMPACT</td>
</tr>
<tr>
<td>$2.4 MILLION</td>
</tr>
<tr>
<td>TOTAL TEXAS A&amp;M HSC IMPACT</td>
</tr>
<tr>
<td>$203.1 MILLION</td>
</tr>
<tr>
<td>FORMER STUDENT IMPACT</td>
</tr>
<tr>
<td>$305.2 MILLION</td>
</tr>
<tr>
<td>GRAND TOTAL IMPACT</td>
</tr>
<tr>
<td>$508.2 MILLION</td>
</tr>
</tbody>
</table>
amounted to $305.2 million in total income during the analysis year. This is equivalent to supporting 4,872 jobs.

**GRAND TOTAL IMPACT**
- The overall impact of Texas A&M HSC on the state business community during the analysis year amounted to $508.2 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 7,108 jobs.

**RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY**

**STUDENT PERSPECTIVE**
- Texas A&M HSC’s FY 2018-19 students paid a present value of $45 million to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent $112.3 million in money that they would have earned had they been working instead of attending.
- In return for the monies invested in Texas A&M HSC, students will receive a present value of $593.5 million in increased earnings over their working lives. This translates to a return of $3.77 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 16.1%.

**TAXPAYER PERSPECTIVE**
- In FY 2018-19, state and local taxpayers in Texas paid $173 million to support the operations of Texas A&M HSC. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $112.8 million. A reduced demand for government-funded services in Texas will add another $26.6 million in benefits to taxpayers.
- Dividing benefits to taxpayers by the associated costs yields a 0.8 benefit-cost ratio, i.e., every dollar in costs returns $0.81 in benefits.

**SOCIAL PERSPECTIVE**
- Society as a whole in Texas will receive a present value of $1.8 billion in added state revenue over the course of the students’ working lives. Society will also benefit from $99.4 million in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar invested in Texas A&M HSC in FY 2018-19, people in Texas will receive $4.51 in return, for as long as Texas A&M HSC’s FY 2018-19 students remain active in the state workforce.

**STUDENT RATE OF RETURN**

<table>
<thead>
<tr>
<th>Average Annual Return for Texas A&amp;M HSC Students</th>
<th>Stock Market 30-year Average Annual Return*</th>
<th>Interest Earned on Savings Account (National Rate Cap)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.1%</td>
<td>9.9%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

**FDIC.gov, 6-2019.

**FOR EVERY $1 SPENT BY...**

- **STUDENTS**: $3.77
  Gained in lifetime earnings for STUDENTS

- **TAXPAYERS**: $0.81
  Gained in added taxes and public sector savings for TAXPAYERS

- **SOCIETY**: $4.51
  Gained in added state revenue and social savings for SOCIETY