The Economic Value to Texas of the Texas A&M University Health Science Center

Fiscal year of analysis 2021-22

The 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. The 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) 2021-22 (September 1, 2021, to August 31, 2022). An electronic version of the executive summary and fact sheet are available at economicimpact.tamu.edu.

Economic impact analysis

During the analysis year, the 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 $719.7 million in income to the Texas economy. When also accounting for former students, the impact sums to a value approximately equal to $1.3 billion in added income to the Texas economy. Expressed in terms of jobs, the Texas A&M HSC’s impact supported 18,456 jobs.
Operations spending impact

- Texas A&M HSC employed 1,604 full-time and part-time faculty and staff (excluding research employees). Payroll amounted to $136.1 million (excluding payroll from research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The center spent another $108.4 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research and construction expenditures).

- The net impact of the center’s operations spending added $156.5 million in income to the state economy in FY 2021-22.

Research spending impact

- Research activities at the 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 2021-22, the Texas A&M HSC spent $52.1 million on payroll and $61 million on other expenses (excluding indirect costs) to support research activities.

- Texas A&M HSC’s research spending generated $133.2 million in added income for the Texas economy in FY 2021-22.

Construction spending impact

- Texas A&M HSC invests in construction each year to maintain 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 the Texas A&M HSC’s construction spending in FY 2021-22 was $5.7 million in added income for Texas.

Start-up and spin-off company impact

- The 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 as a result of the center.

- In FY 2021-22, the Texas A&M HSC’s start-up and spin-off companies generated $399.8 million in added income for the Texas economy.

Student spending impact

- Around 12% of credit-bearing students attending the Texas A&M HSC originated from outside the state. Most of these students relocated to Texas. In addition, some in-state students, referred to as retained students, would have left Texas for other educational opportunities if not for the Texas A&M HSC. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.

- The expenditures of relocated and retained students in FY 2021-22 added $22.1 million in income to the Texas economy.
Visitor spending impact

- Thousands of out-of-state visitors attracted to Texas for activities at the 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 $2.5 million in income to the Texas economy.

Total Texas A&M HSC impact

- The total Texas A&M HSC impact on the Texas economy amounted to $719.7 million in added income, equivalent to supporting 8,680 jobs.

Former student impact

- Over the years, students have studied at the 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 in FY 2021-22.
- The net impact of the Texas A&M HSC’s former students currently employed in the state workforce amounted to $624.1 million in added income in FY 2021-22.

Grand total impact

- The overall impact of the Texas A&M HSC on the state in FY 2021-22 amounted to $1.3 billion in added income, equal to the sum of the total Texas A&M HSC impact and the former student impact. This is equivalent to supporting 18,456 jobs.
**Investment analysis**

**Student perspective**

- The Texas A&M HSC's FY 2021-22 students paid a present value of $57.4 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent $105.4 million in money that they would have earned had they been working instead of attending college.

- In return for their investment, students will receive a cumulative present value of $1.1 billion in increased earnings over their working lives. This translates to a return of $6.80 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 23.9%.

**Taxpayer perspective**

- Taxpayers provided the Texas A&M HSC with $183 million of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $297 million. A reduced demand for government-funded services in Texas will add another $32.2 million in benefits to taxpayers.

- For every dollar of public money invested in the Texas A&M HSC, taxpayers will receive $1.80 in return, over the course of students’ working lives. The average annual rate of return for taxpayers is 3.3%.

**Social perspective**

- In FY 2021-22, Texas invested $476.5 million to support the Texas A&M HSC. In turn, the Texas economy will grow by $4.5 billion, over the course of students’ working lives. Society will also benefit from $115.2 million of public and private sector savings.

- For every dollar invested in the Texas A&M HSC in FY 2021-22, people in Texas will receive $9.70 in return, for as long as the Texas A&M HSC’s FY 2021-22 students remain active in the state workforce.