

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

Fiscal year of analysis 2022-23

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 the Texas A&M HSC. 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) 2022-23 (September 1, 2022, to August 31, 2023). An electronic version of the executive summary and fact sheet are available at collaborations.tamu.edu/edci/economic-impact/index.html.

Economic impact analysis

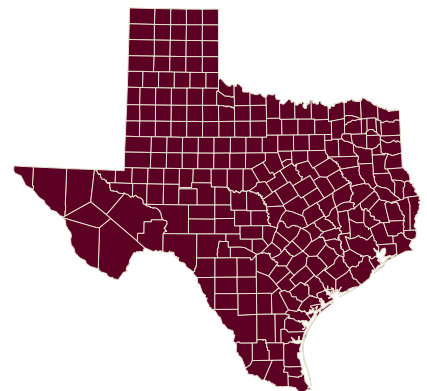
In FY 2022-23, the Texas A&M HSC spending on day-to-day and construction operations, research, along with its entrepreneurial activities and the spending of its visitors and students, added **\$804.5 million** in income to the Texas economy. When also accounting for former students, the impact sums to a value approximately equal to **\$1.7 billion** in added income to the Texas economy. Expressed in terms of jobs, the Texas A&M HSC impact supported **22,371 jobs**.

Operations spending impact

- The Texas A&M HSC employed 2,086 full-time and part-time faculty and staff. Payroll amounted to \$165.5 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$168.4 million on its expenses related to facilities, supplies, and professional services,¹ including \$9.0 million in investments in capital projects.

¹ Research employees and their payroll, as well as non-pay research expenditures, are excluded from this impact as they are measured in the following impact.

Figure 1: Map of Texas



- The net impact of the university's operations spending added **\$199.5 million** in income to the state economy in FY 2022-23.

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 2022-23, the Texas A&M HSC spent \$60.9 million on payroll and \$45.6 million on other expenses² to support research activities.
- The Texas A&M HSC research spending generated **\$121.3 million** in added income for the Texas economy in FY 2022-23.

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 university.
- In FY 2022-23, the Texas A&M HSC start-up and spin-off companies generated **\$462.2 million** in added income for 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 **\$2.8 million** in income to the Texas economy.

Student spending impact

- Around 12% of credit-bearing students attending the Texas A&M HSC originated from outside the state and relocated to Texas to attend the university. 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 2022-23 added **\$18.7 million** in income to the Texas economy.

Total impact of the Texas A&M HSC

- The total Texas A&M HSC impact on the Texas economy amounted to **\$804.5 million** in added income, equivalent to supporting **9,338 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.

Table 1: Impacts created by the Texas A&M HSC in FY 2022-23

Operations spending impact	\$199.5 million
	+
Research spending impact	\$121.3 million
	+
Start-up and spin-off company impact	\$462.2 million
	+
Visitor spending impact	\$2.8 million
	+
Student spending impact	\$18.7 million
Total income	
	\$804.5 million
OR	
	Total jobs supported
	9,338
+	
Former student impact	\$875.0 million
Grand total income	
	\$1.7 billion
OR	
	Grand total jobs supported
	22,371

² Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.



- The net impact of the Texas A&M HSC former students currently employed in the state workforce amounted to **\$875.0 million** in added income in FY 2022-23.

Grand total impact

- The overall impact of the Texas A&M HSC on the state in FY 2022-23 amounted to **\$1.7 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 **22,371 jobs**.

Investment analysis

Student perspective

- The Texas A&M HSC FY 2022-23 students paid a present value of **\$59.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$85.2 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$1.0 billion** in increased earnings over their working lives. This translates to a return of **\$7.10** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **24.8%**.

Taxpayer perspective

- Taxpayers provided the Texas A&M HSC with **\$203.6 million** of funding in FY 2022-23. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$260.5 million**. A reduced demand for government-funded services in Texas will add another **\$39.9 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$300.4 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in the Texas A&M HSC, taxpayers will receive **\$1.50** in return over the course of students' working lives. The average annual rate of return for taxpayers is **3.0%**.

Social perspective

- In FY 2022-23, Texas invested **\$521.4 million** to support the Texas A&M HSC. In turn, the Texas economy will grow by **\$4.2 billion**, over the course of students' working lives. Society will also benefit from **\$214.6 million** of public and private sector savings.
- For every dollar invested in the Texas A&M HSC in FY 2022-23, people in Texas will receive **\$8.40** in return, for as long as the Texas A&M HSC FY 2022-23 students remain active in the state workforce.

Table 2: Students see a high rate of return for their investment in the Texas A&M HSC

Investment area	Rate of return
Average annual return for Texas A&M HSC students	24.8%
Stock market 30-year average annual return	10.1%
Interest earned on savings account (national deposit rate)	0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

Table 3: Return on investment

For every \$1...	
Students gain in lifetime earnings	\$7.10
Taxpayers gain in added tax revenue and public sector savings	\$1.50
Society gains in added income and social savings	\$8.40