

# The Regional Economic Impact of the University of Houston's College of Medicine

## FACT SHEET

**D**URING the last 45 years, the University of Houston (UH) Service Area has been rapidly growing, but the region's health care has fallen behind. UH has decided to expand by adding a 15th academic college, the College of Medicine. UH's College of Medicine will provide an environment for students, faculty and staff, and corporations to come together and help meet the health care needs of the UH Service Area community.<sup>1</sup> After the College's construction, its newly added capacities will generate impacts for the UH Service Area through FY 2029, the final year of this analysis.

### SHORT-RUN SPENDING IMPACT

- As the initial \$91.1 million capital investment is spent to construct the College of Medicine from FY 2019 to FY 2022, it will create a significant amount of new economic activity that will ripple throughout the UH Service Area.
- This new economic activity will amount to a present value of **\$58.7 million** in total added income for the UH Service Area economy.

### LONG-RUN OPERATIONS SPENDING IMPACT

- As the College of Medicine is completed, it will increase UH's day-to-day expenditures, including expenses to support new employees, new equipment, and spending on other supplies and services. These operations spending impacts will begin in FY 2020.
- From FY 2020 to FY 2029, the increased operations spending resulting from the College will create a present value of **\$286.4 million** in total added income for the region.

### LONG-RUN STUDENT SPENDING IMPACT

- Beginning in FY 2021, the College of Medicine will allow UH to serve additional students it would not have otherwise had the capacity to serve. Some of these students will relocate from outside the region. Other students from the UH Service Area may have left the region if not for the College. The money that these students will spend toward living expenses in the UH Service Area is attributable to the College of Medicine.
- From FY 2021 to FY 2029, this spending will create a present value of **\$17.7 million** in total added income to the UH Service Area economy.

### LONG-RUN ALUMNI IMPACT

- The College of Medicine will allow UH to serve Doctor of Medicine students, which will help the university respond to the demands of a growing economy. The first additional alumni will graduate in FY 2024. This analysis is capped at FY 2029; however, the number of medical students trained as a result of the College will continue to grow long after.



<sup>1</sup> The UH Service Area consists of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

- The added earnings and increased productivity of the alumni will create long-run impacts across the regional economy. The alumni will add a present value of **\$13.9 million** in total added income.

PRESENT VALUE IMPACTS,  
FY 2019 TO FY 2029



**\$58.7 million**  
Short-Run Spending



**\$286.4 million**  
Long-run Operations Spending



**\$17.7 million**  
Long-Run Student Spending



**\$13.9 million**  
Long-Run Alumni

**\$376.6 million**  
**TOTAL IMPACT**

TOTAL IMPACT

- From FY 2019 to FY 2029, the present value of short- and long-run impacts created by the College will create an impact of **\$376.6 million** in total added income for the regional economy.
- **Implicit multiplier:** The implicit multiplier is the present value of added income divided by initial spending on the College of Medicine. From FY 2019 to FY 2029, every dollar of the \$91.1 million in funding of the College of Medicine’s initial capital investment will create a present value of **\$4.13** in added income throughout the UH Service Area.
- **Payback period:** By FY 2026, 7.5 years after construction begins, it is expected that the impacts generated by the College of Medicine will have grown significantly enough to recover the costs of not only the initial capital investment, but the annual costs of keeping the College operational.

Annual impact

The total annual impact from the long-run operations and student spending, as well as alumni, from the College of Medicine will be at least **\$47.4 million** in total added income for the UH Service Area. This is equivalent to supporting **497** jobs every year.

COLLEGE OF MEDICINE’S TOTAL IMPACT FROM FY 2019 TO FY 2029, UNDISCOUNTED

● Short-run spending    ● Operations spending    ● Student spending    ● Alumni

