

# The Economic Value of UH Energy on the Greater Houston Region

## FACT SHEET

UH Energy is an enterprise that positions the University of Houston as a strategic partner for the energy industry by not only training a skilled workforce, but also adding innovations and new technologies to the field. UH Energy 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) 2017-18.



### Economic impact analysis

In FY 2017-18, UH Energy added **\$1.6 billion** in income to the Greater Houston Region<sup>1</sup> economy. Expressed in terms of jobs, UH Energy's impact supported **13,878** regional jobs.

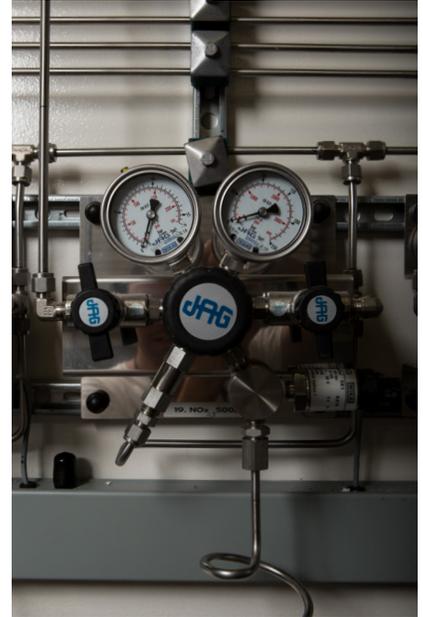
#### OPERATIONS SPENDING IMPACT

- UH Energy employed 1,385 full-time and part-time faculty and staff (not including research employees). Payroll amounted to \$146.2 million (excluding payroll from research employees), much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The enterprise spent another \$94.1 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the enterprise's operations spending added **\$219.7 million** in income to the regional economy.

#### RESEARCH SPENDING IMPACT

- Research activities at UH Energy impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in the Greater Houston Region through inventions, patent applications, and licenses. In FY 2017-18, UH Energy spent \$17.6 million on payroll and \$15.8 million on other expenses to support research activities.
- UH Energy's research spending generated **\$38.3 million** in added income for the Greater Houston Region economy in FY 2017-18.

<sup>1</sup> For the purposes of this analysis, the Greater Houston Region is comprised of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.



### CONSTRUCTION SPENDING IMPACT

- UH Energy commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of UH Energy's construction spending in FY 2017-18 was **\$29.3 million** in added income for the Greater Houston Region.

### START-UP COMPANY IMPACT

- UH Energy creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created as a result of the enterprise.
- In FY 2017-18, UH Energy's start-up companies generated **\$8.9 million** in added income for the Greater Houston Region economy.

### STUDENT SPENDING IMPACT

- Around 21% of students attending UH Energy originated from outside the region. Some of these students relocated to the Greater Houston Region. In addition, some in-region students would have left Greater Houston Region for other educational opportunities if not for UH Energy. These relocated and retained students spent money on groceries, mortgage and rent payments, and so on at regional businesses.
- The expenditures of relocated and retained students in FY 2017-18 added **\$54.6 million** in income to the Greater Houston Region economy.

### ALUMNI IMPACT

- Over the years, students have studied at UH Energy and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Greater Houston Region.
- The net impact of UH Energy's former students currently employed in the regional workforce amounted to **\$1.3 billion** in added income in FY 2017-18.



**\$219.8 million**  
Operations Spending Impact



**\$38.3 million**  
Research Spending Impact



**\$29.3 million**  
Construction Spending Impact



**\$8.9 million**  
Start-up Company Impact



**\$54.6 million**  
Student Spending Impact



**\$1.3 billion**  
Alumni Impact



**\$1.6 billion**  
TOTAL IMPACT

- OR -

**13,878**  
JOBS SUPPORTED



# Investment analysis

## STUDENT PERSPECTIVE

- UH Energy's FY 2017-18 students paid a present value of **\$124.3 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$233.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$1.6 billion** in increased earnings during their working lives. This translates to a return of **\$4.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **15.7%**.

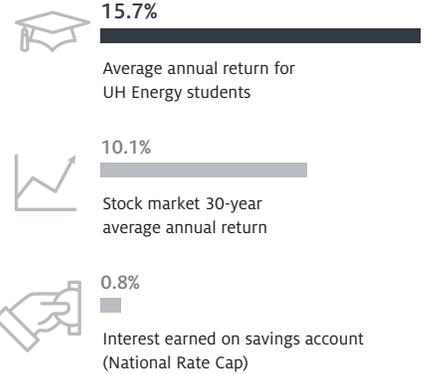
## TAXPAYER PERSPECTIVE

- Taxpayers provided UH Energy with **\$83.8 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$518.2 million**. A reduced demand for government-funded services in Texas will add another **\$72.4 million** in benefits to taxpayers.
- For every dollar of public money invested in UH Energy, taxpayers will receive **\$7.00** in return, during the course of students' working lives. The average annual rate of return for taxpayers is **15.6%**.

## SOCIAL PERSPECTIVE

- In FY 2017-18, Texas invested **\$605.2 million** to fully support UH Energy. In turn, the Texas economy will grow by **\$8.4 billion**, during the course of students' working lives. Society will also benefit from **\$169.9 million** of public and private sector savings.
- For every dollar invested in UH Energy educations in FY 2017-18, people in Texas will receive **\$14.10** in return, for as long as UH Energy's FY 2017-18 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN UH ENERGY.



Source: Forbes' S&P 500, 1987-2016. FDIC.gov, 7-2016.



**FOR EVERY \$1...**

