

The Economic Value of UH Health on the Greater Houston Region

FACT SHEET

UH Health is an enterprise at the University of Houston that offers affordable community health care for UH students, employees, and the surrounding communities. It also educates UH students entering health care-related fields. UH Health 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

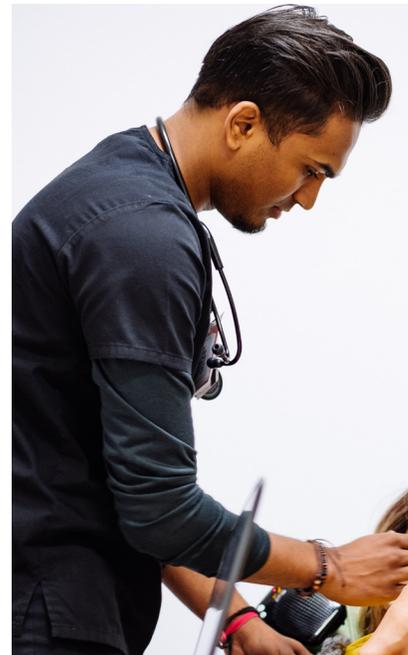
In FY 2017-18, UH Health added **\$939.1 million** in income to the Greater Houston Region¹ economy. Expressed in terms of jobs, UH Health's impact supported **12,991** regional jobs.

OPERATIONS SPENDING IMPACT

- UH Health employed 581 full-time and part-time faculty and staff (not including research employees). Payroll amounted to \$61.3 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 \$33.9 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 **\$84.4 million** in income to the regional economy.

RESEARCH SPENDING IMPACT

- Research activities at UH Health 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 Health spent \$15.1 million on payroll and \$17.4 million on other expenses to support research activities.
- UH Health's research spending generated **\$38.5 million** in added income for the Greater Houston Region economy in FY 2017-18.



¹ 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 Health 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 Health's construction spending in FY 2017-18 was **\$13.7 million** in added income for the Greater Houston Region.

START-UP COMPANY IMPACT

- UH Health 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 Health's start-up companies generated **\$21.7 million** in added income for the Greater Houston Region economy.

STUDENT SPENDING IMPACT

- Around 21% of students attending UH Health 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 Health. 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 **\$21.4 million** in income to the Greater Houston Region economy.

ALUMNI IMPACT

- Over the years, students have studied at UH Health 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 Health's former students currently employed in the regional workforce amounted to **\$759.3 million** in added income in FY 2017-18.

IMPACTS CREATED BY UH
IN FY 2017-18



\$84.4 million

Operations Spending Impact



\$38.5 million

Research Spending Impact



\$13.7 million

Construction Spending Impact



\$21.7 million

Start-up Company Impact



\$21.4 million

Student Spending Impact



\$759.3 million

Alumni Impact



\$939.1 million

TOTAL IMPACT

- OR -

12,991

JOBS SUPPORTED



Investment analysis

STUDENT PERSPECTIVE

- UH Health's FY 2017-18 students paid a present value of **\$60.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$104 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$1.1 billion** in increased earnings during 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 **20.2%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided UH Health with **\$39.1 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 **\$272.2 million**. A reduced demand for government-funded services in Texas will add another **\$33.8 million** in benefits to taxpayers.
- For every dollar of public money invested in UH Health./, taxpayers will receive **\$7.80** in return, during the course of students' working lives. The average annual rate of return for taxpayers is **16.3%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Texas invested **\$280.2 million** to fully support UH Health. In turn, the Texas economy will grow by **\$4.4 billion**, during the course of students' working lives. Society will also benefit from **\$112.9 million** of public and private sector savings.
- For every dollar invested in UH Health educations in FY 2017-18, people in Texas will receive **\$16.10** in return, for as long as UH Health's FY 2017-18 students remain active in the state workforce.

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



20.2%

Average annual return for UH Health students



10.1%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

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



FOR EVERY \$1...



Students gain

\$6.80

in lifetime earnings



Taxpayers gain

\$7.80

in added tax revenue and public sector savings



Society gains

\$16.10

in added income and social savings