

The Economic Value of the University of Houston to the Greater Houston Region

FACT SHEET

The University of Houston (UH) 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 added **\$6.4 billion** in income to the Greater Houston Region¹ economy, a value approximately equal to **1.2%** of the region's total gross regional product (GRP). Expressed in terms of jobs, UH's impact supported **61,751** regional jobs. For perspective, the activities of UH and its students support one out of every **67** jobs in the Greater Houston Region.

OPERATIONS SPENDING IMPACT

- UH employed 4,673 full-time and part-time faculty and staff (not including research employees). Payroll amounted to \$493.3 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 University spent another \$288.8 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the University's operations spending added **\$717.6 million** in income to the regional economy.

RESEARCH SPENDING IMPACT

- Research activities at UH 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 spent \$81.3 million on payroll and \$96.6 million on other expenses to support research activities.
- UH's research spending generated **\$198.6 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 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's construction spending in FY 2017-18 was **\$102 million** in added income for the Greater Houston Region.

START-UP COMPANY IMPACT

- UH creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created as a result of the University.
- In FY 2017-18, UH's start-up companies generated **\$30.7 million** in added income for the Greater Houston Region economy.

VISITOR SPENDING IMPACT

- Out-of-region visitors attracted to the Greater Houston Region for activities at UH brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$7.6 million** in income to the Greater Houston Region economy.

STUDENT SPENDING IMPACT

- Around 19% of credit students attending UH 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. 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 **\$140.1 million** in income to the Greater Houston Region economy.

ALUMNI IMPACT

- Over the years, students have studied at UH and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in the Greater Houston Region.
- The net impact of UH's former students currently employed in the regional workforce amounted to **\$5.2 billion** in added income in FY 2017-18.



\$717.6 million
Operations Spending Impact



\$198.6 million
Research Spending Impact



\$102 million
Construction Spending Impact



\$30.7 million
Start-up Company Impact



\$7.6 million
Visitor Spending Impact



\$140.1 million
Student Spending Impact



\$5.2 billion
Alumni Impact



\$6.4 billion
TOTAL IMPACT

- OR -

61,751
JOBS SUPPORTED



Investment analysis

STUDENT PERSPECTIVE

- UH's FY 2017-18 students paid a present value of **\$432.9 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forewent **\$716.2 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$4.8 billion** in increased earnings over their working lives. This translates to a return of **\$4.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **15.1%**.

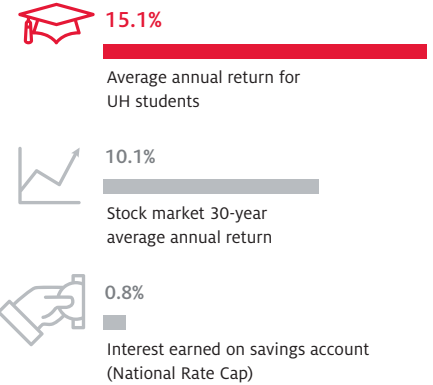
TAXPAYER PERSPECTIVE

- Taxpayers provided UH with **\$293.9 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 **\$1.5 billion**. A reduced demand for government-funded services in Texas will add another **\$224.4 million** in benefits to taxpayers.
- For every dollar of public money invested in UH, taxpayers will receive **\$6.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **13.8%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Texas invested **\$2 billion** to fully support UH. In turn, the Texas economy will grow by **\$24.9 billion**, over the course of students' working lives. Society will also benefit from **\$606 million** of public and private sector savings.
- For every dollar invested in UH educations in FY 2017-18, people in Texas will receive **\$12.60** in return, for as long as UH's FY 2017-18 students remain active in the state workforce.

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



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



FOR EVERY \$1...

	Students gain \$4.20 in lifetime earnings
	Taxpayers gain \$6.00 in added tax revenue and public sector savings
	Society gains \$12.60 in added income and social savings