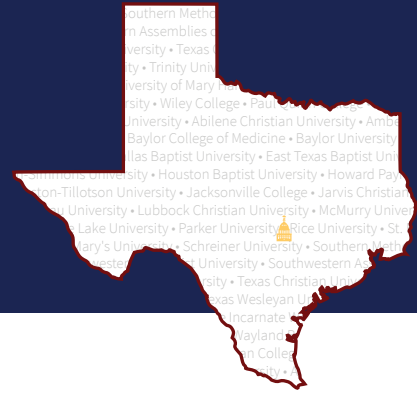


ICUT Issue Brief:

The Economic Impact of ICUT Member Institutions



Vol. 1, Issue 4 • December 14, 2018

While the primary purpose of most higher education institutions is to educate students, modern colleges and universities do so much more: they support research and the generation of new knowledge; they bring together great thinkers and showcase talent across disciplines; and they act as a gathering place for their faculty, staff, students and the surrounding community. In other words, colleges and universities serve their students and their communities.

As part of their service to their communities, modern institutions act as local, regional and even statewide economic drivers. They employ hundreds or even thousands of people in diverse fields like finance and administration, information technology, housing and food service and more.

To better understand the economic impact our private, nonprofit member institutions have across Texas, ICUT commissioned a study in early 2018. To maintain the integrity of the report ICUT employed an outside researcher – economics professor Mark Paul Gius, Ph.D., of Quinnipiac University – to complete the study and produce a report for our association. The results of his report are presented here.

Executive Summary

In 2016, the independent colleges and universities of Texas produced a total economic impact of **\$10.46 billion** across the state. This impact is a sum of two categories: direct and induced spending. Direct spending by ICUT member institutions – which includes money spent by schools on employees, capital projects and university purchases, as well as student and visitor spending – totaled **\$5.67 billion** in 2016. Induced spending – defined as employment and expenditures produced by local industries as a result of the direct spending described above – totaled **\$4.79 billion** in 2016.

Clearly, Texas' independent colleges and universities not only contribute positively to the state's higher education landscape – they are also strong drivers of economic prosperity in their localities, with effects that can be measured statewide.

Direct Economic Impact

ICUT's member institutions impact the economy directly in a number of ways. Most significantly, they spent **\$2.23 billion** on payroll and benefits for **27,505** full-time and part-time employees in Fiscal Year 2017. Nearly **10 percent** – 2,686 employees – were new hires. After employee spending, the next-largest category of direct spending by ICUT member institutions is student spending on things like food, housing, materials and other school-related items. In 2016, this direct spending amounted to **\$1.25 billion**.

University purchases, totaling **\$1.00 billion** in 2016, made up the next largest portion of direct spending. This category includes spending by institutions on the goods and services they need for daily operations.

After university purchases, capital spending and visitor spending were nearly tied for percentage of direct spending in 2016. Capital expenditures – money spent by universities on land, buildings, equipment and other durable goods – totaled just over **\$590 million**. Spending by visitors to ICUT campuses on things such as hotel rooms and food amounted to a little more than **\$601 million** in 2016.

Induced Economic Impact

The economic impact of Texas' independent colleges and universities extends beyond just what these schools and their students and visitors spent directly. All this direct spending produces indirect spending in the surrounding community; for example, businesses



**University
Spending**



**More
Jobs**



**More
Purchasing**



**More Economic
Activity**

hire additional staff and purchase more goods as a result of increased economic activity. These new hires earn income that they spend at local businesses, who in turn hire more staff and purchase more goods. This cycle, known as the “multiplier effect” in economics, makes up a substantial portion of an institution’s economic impact on their surrounding community. In total, ICUT’s members produced **\$4.8 billion** of induced spending in 2016.

terms, ICUT’s members had a **\$10.46 billion** economic impact statewide in 2016 – which, measured another way, is equivalent to creating **80,197** new jobs. Clearly, private, nonprofit education in Texas serves students and communities in more ways than one.

Conclusion

Texas’ independent colleges and universities have a direct, measurable impact on their local economies which, when added together, has a significant impact on the state’s economy. In monetary

Data Sources

Data for this report was sourced from ICUT members and the U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS). Multipliers from the U.S. Department of Commerce were used to calculate induced spending.

Icons sourced from www.flaticon.com.

Total Economic Impact

\$10,456,343,251

Direct Spending

\$5,669,604,902



Employee Spending

\$2,229,262,786



Student Spending

\$1,246,576,035



Visitor Spending

\$601,396,321



University Purchases

\$1,001,988,191



Capital Expenditures

\$590,381,569

Induced Spending

\$4,786,738,349

Direct spending is the amount of money spent directly by institutions and their employees, students and visitors

Induced spending is the outcome of additional employment and expenditures by local businesses resulting from an institution’s direct spending

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ICUT Member Institutions

80,197

Total Jobs Created

