

**The Statewide Economic and Fiscal Impacts
of
Texas Woman's University**

Prepared by:

**Terry L. Clower, Ph.D.
Bernard L. Weinstein, Ph.D.**

With the assistance of Mr. Felipe Almanza

**Center for Economic Development and Research
University of North Texas**

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Introduction

Universities obviously have a great impact on their communities. They provide education and training that helps build a qualified work force, which in turn can attract firms and create new business development opportunities. Institutions of higher education also provide a community resource for expertise in a wide range of technical and social disciplines, and they offer many cultural amenities ranging from spectator sports to the performing arts. Importantly, universities are also large businesses that provide a wide range of job opportunities and support many area businesses through purchasing activities. As universities grow and carve out particular market specializations, their impact spreads through branch campus operations. In the following, we report the findings of our analysis of the statewide economic and fiscal impacts of Texas Woman's University (TWU) campuses in Denton, Dallas, and Houston.

The economic and fiscal impacts of a university occur through several categories of spending, including spending for university operations, capital spending for building construction and renovation, student spending, and campus visitor spending. Operations spending includes salaries, wages, and benefits for faculty, staff, and administrators as well as purchases of supplies, services, utilities and many other categories commensurate with running a large enterprise. Capital spending for construction and renovation projects is treated separately from on-going university operations. Once the project is complete, spending stops. Therefore, the impacts of capital spending are more appropriately treated as temporary impacts.

Student spending includes housing, food, merchandise, entertainment, and similar purchases made while attending the university. Campus visitor spending includes

purchases for lodging, food, and merchandise by prospective students and their families while visiting the university, as well as similar spending by parents during special events and visitors who attend conferences and professional meetings hosted by the institution.

Our impact estimates are based the IMPLAN economic input/output model developed by the Minnesota IMPLAN Group. Input-output models track how spending flows through a regional, state, or national economy. The estimates include direct, indirect, and induced impacts. Direct impacts are the result of the university procuring goods and services in the local community. For example, departments within TWU will purchase office supplies from local vendors. These vendors, in turn, purchase goods and services to support their local operations. For example, the firm providing office supplies hires employees, purchases shopping bags, utilizes inventory-counting services, and engages other professional service providers such as accountants. The induced impacts track the economic and fiscal effects of employees of the university and its vendors spending a portion of their earnings in the local economy for goods and services. Each of these impacts is adjusted to account only for purchases from state entities. For example, some specialty lab equipment is only available from out-of-state vendors. These purchases have little impact on the Texas economy. When added together, the sum of all the activity from direct, indirect, and induced impacts is greater than the state proportion of TWU's spending, which is the "multiplier effect."

The fiscal impacts estimated in this analysis include indirect business taxes such as state and local sales and use taxes, property taxes, and government revenue from permit fees and licenses. These estimates recognize that TWU enjoys a tax-exempt

status. In addition, we have estimated the value of consumption taxes from spending by employees of the university and its vendors and suppliers.

Impacts of Capital Spending

Capital spending for construction and renovation of buildings, parking facilities, and other university infrastructure occurs every year. However, the amount spent in any given year is subject to the parameters of specific projects and funding availability. Therefore, it is more appropriate to treat capital spending as a one-time economic activity that does not necessarily occur every year. Once the project is completed, spending and associated economic and fiscal impacts cease – until the next project starts.

For fiscal year 2004, TWU spent over \$22 million for building construction and renovation, parking and road facility construction, and other capital projects. This spending created \$43 million in total economic in Texas, supported over 400 jobs, and increased labor income by \$17 million (see Table 1). In addition, capital spending increased property income by \$3.4 million, which includes corporate profits, income from dividends, rents, and royalties. State and local taxing jurisdictions gained \$1.5 million in new revenues as a result of the university's capital spending in 2004.

Table 1

**Economic and Fiscal Impacts of Texas Woman's University Capital Spending
Fiscal Year 2004**

Description	Impact
Total Capital Spending	\$ 22,460,000
Total Economic Activity	\$ 43,097,000
Total Wages, Salaries, Benefits	\$ 17,068,000
Total Employment	439
Total Property Income*	\$ 3,419,000
State and Local Taxes ⁺	\$ 1,548,000

* Includes royalties, rents, dividends, and corporate profits.

+ Includes sales, excise, property taxes, fees, and licenses.

Recurring Impacts from Operations, Student and Visitor Spending

Operations

Texas Woman's University currently spends almost \$124 million per year. The single largest expense component is for salaries, wages, benefits, and other payroll-related expenses at \$70 million. Other expenses include contracted services, travel, dues, and utilities. Combined, these expenditures generate over \$227 million in statewide economic activity and support more than 2,600 direct, indirect, and induced jobs paying in excess of \$87 million each year in salaries, wages, and benefits (see Table 2). In addition, about \$21 million in property income is created by university related activities. State and local taxing jurisdictions gain almost \$7.7 million each year as a result of university operations.

Table 2

**Annual Economic and Fiscal Impacts of University Operations
State of Texas**

Description	Impact
Total Spending	\$ 123,783,000
Total Economic Activity	\$ 227,481,000
Total Wages, Salaries, Benefits	\$ 87,675,000
Total Employment	2,653
Total Property Income*	\$ 21,313,000
State and Local Taxes ⁺	\$ 7,684,000

* Includes royalties, rents, dividends, and corporate profits.

+ Includes sales, excise, property taxes, fees, and licenses.

Student Spending

Students spend money for a variety of living expenses while attending TWU. This includes room and board, books and school supplies, entertainment expenses, auto fuel and repair, insurance, and a host of other spending. While TWU has not conducted a specific student spending survey, we do have data from a survey conducted by Tarleton State University. Using these data as a basis, and adjusting for pricing differences between Stephenville and Denton, Dallas, and Houston, we have estimated spending for TWU students. Since this is a statewide impact analysis, we generally exclude in-state students. The exception to this rule is an allowance we make for special programs offered by TWU, especially those in health related fields, where students may well have gone out-of-state for their higher education experience if not for the programs at TWU. Therefore, including out-of-state, international, and these retained in-state students, the spending of about 820 students can be considered new to the Texas economy.

We have also accounted for the difference in on-campus and off-campus residents. The economic impacts of on-campus resident spending for room and board are included in overall university spending. To avoid double counting these impacts, we

have only estimated lodging and food expenses for off-campus residents. In total, new state spending for living and school expenses by TWU students exceeds \$8 million per year. This spending boosts state economic activity by \$14.7 million, increases labor income by \$5 million, adds \$2.7 million in property income, and supports 181 jobs (see Table 3). Student spending generates almost \$1.3 million in state and local tax revenues.

Table 3

**Annual Economic and Fiscal Impacts of Student Spending
State of Texas, Fiscal Year 2004**

Description	Impact
Total Spending	\$ 8,303,000
Total Economic Activity	\$ 14,723,000
Total Wages, Salaries, Benefits	\$ 5,191,000
Total Employment	181
Total Property Income*	\$ 2,680,000
State and Local Taxes ⁺	\$ 1,276,000

* Includes royalties, rents, dividends, and corporate profits.

+ Includes sales, excise, property taxes, fees, and licenses.

Visitor Spending

Visitor spending captures outlays by campus visitors including parents of students attending ceremonies, parents' weekend functions, and other events. It also includes spending by prospective students and their families as well as spending by visiting sports teams and league officials. Finally, visitor spending includes those attending conferences, meetings, and other events held at TWU.

As with student spending, we only consider spending that is captured from non-Texans. For example, for athletic spending, we only include those teams coming from outside of the state.¹ In total, we estimate that visitors spend slightly more than \$7

¹ TWU teams play in NCAA Division II's Lone Star Conference. This 15-member conference includes 7 teams from Oklahoma and New Mexico. This ratio is used to estimate the proportion of athletic spending that comes from outside of Texas at TWU events.

million per year on food, lodging, and retail merchandise while visiting a TWU campus, adding about \$11.8 million to total state economic activity (see Table 4). This activity supports almost 150 jobs paying \$1.8 million in wages, salaries and benefits. Visitor spending generates an estimated \$855,000 in annual revenues for state and local taxing jurisdictions.

Table 4

**Annual Economic and Fiscal Impacts of Visitor Spending
State of Texas, Fiscal Year 2004**

Description	Impact
Total Spending	\$ 7,110,000
Total Economic Activity	\$ 11,775,000
Total Wages, Salaries, Benefits	\$ 3,706,000
Total Employment	148
Total Property Income*	\$ 1,792,000
State and Local Taxes ⁺	\$ 855,000

* Includes royalties, rents, dividends, and corporate profits.

+ Includes sales, excise, property taxes, fees, and licenses.

Total Recurring Impacts

When added together, ongoing operations at TWU and related activity boost total economic activity in the State of Texas by about \$254 million annually (see Table 5). Labor income, including salaries, wages, and benefits, is boosted by more than \$96 million per year paid through almost 3,000 direct, indirect, and induced jobs. The university also supports \$25.6 million in property income related to royalties, rents, corporate profits, and dividends. Annual revenues to state and local tax authorities directly and indirectly associated with TWU spending approaches \$10 million.

Table 5

**Total Annual Economic and Fiscal Impacts of
Texas Woman's University
State of Texas, Fiscal Year 2004**

Description	Impact
Total Economic Activity	\$ 253,979,372
Total Wages, Salaries, Benefits	\$ 96,572,000
Total Employment	2,982
Total Property Income*	\$ 25,786,000
State and Local Taxes ⁺	\$ 9,815,000

* Includes royalties, rents, dividends, and corporate profits.

+ Includes sales, excise, property taxes, fees, and licenses.

Conclusions

In addition to its tradition of providing excellent opportunities for higher education, especially in health-related fields, Texas Woman's University creates hundreds of jobs with a wide range of skill requirements. Being a reliable employer and providing exceptional talent resources, TWU is doing more than its part to support local economic progress. The activities of the university and spending by students and campus visitors create substantial impacts on the state's economy. Total statewide economic activity associated with Texas Woman's University exceeds one-quarter of a billion dollars and supports almost 3,000 permanent jobs. This does not include the hundreds of jobs and business activity supported by non-recurring capital expenditures for infrastructure construction and renovation. In short, Texas Woman's University is an economic and fiscal generator as well as an important statewide educational institution.