



The Economic Impact of Academic Medicine: A Summary

As it stands today, most of the public discourse on healthcare surrounds issues of quality, cost, and access for consumers. Often lost in this conversation is the fact that hospitals, physicians, and other medical professionals constitute a major economic driver for many communities, employing thousands of people and spending millions of dollars on equipment, supplies, and services.

Communities with a strong presence in academic medicine enjoy additional benefits beyond the impact described above. An institution of academic medicine itself is an economic engine, directly employing thousands of people and spending millions of dollars annually. For example, proposed Austin-based efforts ultimately could well have 450 permanent physicians/faculty on staff. To put that figure in context, approximately 8,000 permanent faculty and physicians were engaged in academic medicine across Texas during 2005, along with just over 7,800 residents and students, and over 87,000 additional staff.

Using this information, TXP estimates that the growth of Austin-based academic medicine being discussed could translate into approximately \$364.4 million in annual economic activity, along with 5,363 permanent jobs related to the facility itself, as well as spending in the community by students, residents, and non-local patients and visitors.

In addition, the growth of academic medicine in Central Texas should stimulate technology transfer and economic development. According to the Milken Institute, "The 21st century biotechnology cluster race has many regional entries in the U.S. and around the world. Within the U.S., California has several metropolitan areas that are among the leaders as the race commences including Oakland, San Francisco, San Jose, Los Angeles, Orange County, and San Diego. The East Coast has Boston, Philadelphia, Washington, D.C., and Raleigh-Durham among the leading aspirants. Seattle and **Austin** appear to be two other top geographic contenders."

Academic research related to medicine is a fundamental underpinning of the growing life sciences cluster of the economy. Relying on research done by Milken on the factors which shape growth of the biotechnology and life sciences industries, TXP estimates that increasing the presence of academic medicine in Central Texas could accelerate additional economic development in the life sciences at the rate of \$349.9 million in new annual activity and 2,054 new permanent jobs.

Previous work by TXP indicated that Austin's medical sector was less fully developed than in many other communities, and that life sciences was an area of substantial opportunity. The combination of the new facility and economic development in the life sciences ultimately would yield \$707.9 million in economic activity, \$346.6 million in earnings, and approximately 7,400 permanent jobs. When the ripple effects are considered, these figures rise to \$1.5 billion in economic activity, \$597 million in earnings, and approximately 14,370 permanent jobs that can be attributed to the influence of local academic medicine.

The impact described above, as measured by jobs and earnings, is roughly comparable to the influence of Toyota in San Antonio. Clearly, expanding academic medicine is a significant step in realizing the region's medical and life sciences potential.