The Economic Value to Washington, D.C. of George Washington University and the Medical Faculty Associates

George Washington University (GW) creates a significant positive impact on the business community and generates a positive return on investment to its students. GW generates benefits for the District of Columbia (Washington, D.C.) taxpayers and society as a whole. 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) 2019-20 (July 1, 2019 to June 30, 2020).

ECONOMIC IMPACT ANALYSIS

In FY 2019-20, GW added $1.6 billion in income to the Washington, D.C. economy, a value approximately equal to 1.2% of the district’s total gross regional product (GRP). Expressed in terms of jobs, GW’s impact supported 12,694 jobs. For perspective, the activities of GW and its students support one out of every 73 jobs in Washington, D.C.

OPERATIONS SPENDING IMPACT

- GW employed 5,379 full-time and part-time faculty and staff (excluding research and Medical Faculty Associates, Inc. (MFA) employees). Payroll amounted to $901.9 million (excluding payroll from research and MFA employees), much of which was spent in the district for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another $402.3 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research and clinical expenditures).
- The net impact of the university’s operations spending added $872.9 million in income to the district’s economy in FY 2019-20.

RESEARCH SPENDING IMPACT

- Research activities at GW impact the economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Washington, D.C. through inventions, patent applications, and licenses. In FY 2019-20, GW spent $91.7 million on payroll and $140.9 million on other expenses to support research activities.
• GW’s research spending generated **$168.3 million** in added income for the Washington, D.C. economy in FY 2019-20.

**CLINICAL SPENDING IMPACT**

• The Medical Faculty Associates, Inc. in Washington, D.C. is related to GW and would not exist without the university. The clinical system provides a hands-on learning and research environment for students and employs hundreds of workers.

• In FY 2019-20, GW spent $276.6 million on clinical operations. These expenditures added a net impact of **$299.9 million** in added income to the district.

**CONSTRUCTION SPENDING IMPACT**

• GW invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the district economy.

• The net impact of GW’s construction spending in FY 2019-20 was **$1.0 million** in added income for the Washington, D.C. economy.

**START-UP AND SPIN-OFF COMPANY IMPACT**

• GW creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created as a result of the university.

• In FY 2019-20, GW’s start-up and spin-off companies generated **$73.5 million** in added income for the Washington, D.C. economy.

**VISITOR SPENDING IMPACT**

• Out-of-district visitors attracted to Washington, D.C. for activities at GW brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other district businesses.

• Visitor spending added approximately **$3.2 million** in income to the Washington, D.C. economy.

**STUDENT SPENDING IMPACT**

• Around 92% of students attending GW originated from outside the district. Some of these students relocated to Washington, D.C. In addition, some students who lived in Washington, D.C. prior to their enrollment at GW, referred to as retained students, would have left the district if not for the existence of GW. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at district businesses.

• The expenditures of relocated and retained students in FY 2019-20 added **$73.5 million** in income to the Washington, D.C. economy.

*This report assesses all GW sites and locations within Washington, D.C. For this reason, the operational and student activity attributable to the GW School of Nursing and the GW Virginia Science & Technology Campus are not captured in this report.*
ALUMNI IMPACT

- Over the years, students have studied at GW and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of former GW students are employed in Washington, D.C. Using Emsi Burning Glass’s Alumni Outcomes data, many of the university’s alumni are employed in the district’s workforce in occupations such as lawyers, chief executives, personal service managers, management analysts, public relations specialists, and marketing managers.
- The net impact of GW’s alumni currently employed in the district’s workforce amounted to $147.5 million in added income in FY 2019-20.

INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- GW’s FY 2019-20 students paid a present value of $770.3 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent $325.3 million in money that they would have earned had they been working instead of attending college.
- In return for their investment, students who remain in the district, will receive a cumulative present value of $3.0 billion in increased earnings over their working lives. This translates to a return of $2.80 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 11.2%.

TAXPAYER PERSPECTIVE

- Even though GW is a private university, it still creates a significant amount of benefits for Washington, D.C. taxpayers based on historical data about the number of GW students who graduate and choose to remain in the district over the course of their professional careers. These benefits to taxpayers consist primarily of taxes the district government will collect from the added revenue from the earnings of D.C.-based GW alumni. The present value of the added tax revenue, stemming from D.C.-based GW alumni’ higher lifetime earnings and increased business output, amounting to $100.3 million. A reduced demand for government-funded services in Washington, D.C. will add another $14.0 million in benefits to taxpayers. This sums to $114.3 million in present value benefits to Washington, D.C. taxpayers.

SOCIAL PERSPECTIVE

- In FY 2019-20, the Washington, D.C. economy will grow by $1.7 billion, over the course of D.C.-based GW alumni working lives. Society will also benefit from $47.3 million of public and private sector savings, for a total of $1.7 billion in present value benefits to Washington, D.C.