

Anchored in Excellence

How Massachusetts' Education and Healthcare Institutions Drive Regional Economic Growth

The Greater Boston Chamber of Commerce commissioned this report to better understand the role of hospitals and universities as key anchors of the Massachusetts economy today. Massachusetts has established itself as a global leader in research, innovation, patient care, and higher education. This study quantifies how the state's health care and educational institutions – its Eds and Meds – contribute to local and national economic vitality, regional and global competitiveness, and strengthens the quality of life for all Massachusetts residents. While many institutions in the Commonwealth regularly undertake their own individual analyses, we believe this is the first comprehensive analysis of the economic impact of the Commonwealth's health care and educational institutions.

A robust economic analysis was made possible by several partners, including the Association of Independent Colleges and Universities in Massachusetts (AICUM), the Massachusetts Health & Hospital Association (MHA), and the Massachusetts League of Community Health Centers (Mass League), who generously shared the most recent anonymized data available on their operations and the populations that they serve. In total, 88 universities and colleges, and 93 health systems, were included, including major research universities such as Harvard University, MIT, Boston University, and the University of Massachusetts system, alongside specialized institutions, liberal arts colleges, and community hospitals that serve local populations.

The customized economic impact model presented here uses IMPLAN software's input/output modeling system, which is based on the U.S. Bureau of Economic Analysis's (BEA) Benchmark Input-Output (I-O) Accounts. The model examines three categories of institutional spending: (1) direct annual operating expenditures including procurement and employee wages, (2) capital investments including new construction and major renovations, and (3) ancillary spending by students, patients, and visitors. These spending categories are employed to assess the cumulative impact of healthcare and educational institutions on the Boston and Massachusetts economy, jobs and local industry employment, as well as the state and federal tax base. Further, the analysis quantifies the value of a higher education degree from Massachusetts institutions to the local economy, the economic impact of recent federal policy changes to Medicaid and research funding, and the broader social and cultural impacts from the state's robust health care and educational ecosystem.

The report finds that the Commonwealth's Eds and Meds produce \$155.9 billion in annual economic output, support more than 858,000 jobs, and contribute nearly \$4.1 billion in annual tax revenue to the state. The economic contributions are geographically distributed throughout the state and the nation, and the benefits shared across industries far beyond health care and education, including more than 222,000 jobs in real estate, retail and wholesale trade, finance and insurance, and accommodations and food service. This report was commissioned at a critical time when the economic contributions of hospitals and universities – and the innovation economy they foster – are at risk due to changes in federal policy, which are projected to affect \$5.9 billion in economic output in the state, and \$515 million in state and federal tax revenue. Massachusetts universities and colleges, and teaching hospitals and academic centers, help train and produce tomorrow's workforce and graduates enjoy a significant wage premium of 15 to 50 percent more in annual income than non-graduates.

Collectively, the collaboration fostered between industry, academic institutions, and government, has produced a thriving Massachusetts economy that cultivates an exceptional talent pipeline and serves as an innovation hub where outstanding science, groundbreaking discoveries, and visionary leadership drive the creation of novel treatments, medical devices, and scientific breakthroughs that enhance patient health and quality of life throughout Massachusetts and globally. These educational and healthcare institutions serve as anchors for economic development, attracting businesses and talent while fostering an environment that supports entrepreneurship and technological advancement. This report provides a critical foundation to understanding the full economic value that educational and healthcare institutions provide to Massachusetts, as well as the national and global economy.

Massachusetts Eds and Meds:

Economic Powerhouse

Massachusetts' higher education and healthcare institutions generate massive annual economic impacts that ripple from local communities through the national economy.



Boston: \$69.5 billion in economic impact, supporting 353,440 FTE jobs with \$35.0 billion in employee compensation



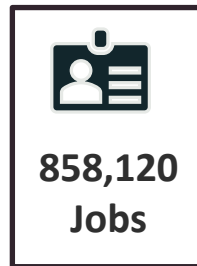
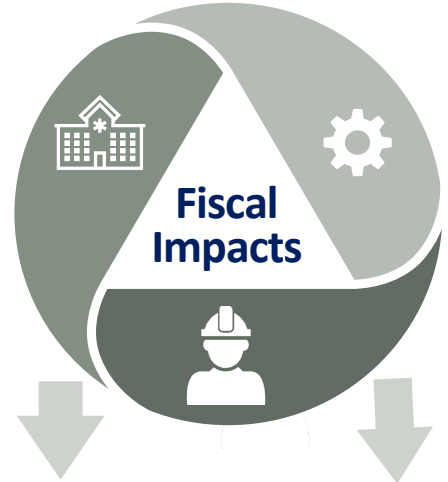
Greater Boston Region: \$118.3 billion in economic impact, supporting 625,580 FTE jobs with \$56.0 billion in employee compensation



Commonwealth of Massachusetts: \$155.9 billion in economic impact, supporting 858,120 FTE jobs with \$71.1 billion in employee compensation



United States: \$179.5 billion in economic impact, supporting 944,440 FTE jobs with \$77.6 billion in employee compensation



Massachusetts Eds and Meds support 858,120 total jobs, of which 222,900—or 26 percent—are in industries beyond health care and education, such as real estate, accommodation and food services, and retail.

Alumni Wage Premium: Lifetime Economic Driver

Massachusetts university graduates earn significantly more than they would without their degrees, creating sustained economic benefits:



Individual Annual Wage Premiums in Massachusetts:

Associate's: +\$6,510 per year, per alumnus
Bachelor's: +\$27,614 per year, per alumnus
Advanced: +\$21,555 per year, per alumnus

Alumni Wage Premium Economic Impact



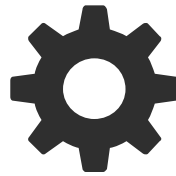
Proposed Federal Funding Cuts as Economic Threat

Combined Medicaid and NIH Funding Cuts in Massachusetts leads to:



Massachusetts:

\$5.9B in lost economic output
\$142M in lost state tax revenue



United States:

\$6.8B in lost economic output
\$373M in lost federal tax revenue

Innovation and Competitiveness Leadership

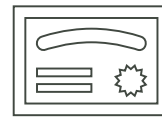


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NIH Funding
per Capita
\$5.2B in 2023

15.5

Patents per 10,000 Residents



Highest in the nation



\$7.8B

Life Sciences
Venture Capital
In 2024

62M SF

Lab Space



Largest
concentration in
the nation



1,700+

Life Sciences
Companies