

THE ECONOMIC VALUE TO GALVESTON COUNTY OF TEXAS A&M UNIVERSITY'S GALVESTON CAMPUS

Fiscal year of analysis 2017 - 2018

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Texas A&M University's Galveston Campus (Texas A&M at Galveston) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2017-18 (September 1, 2017 to August 31, 2018). An electronic version of the executive summary and fact sheet are available at: economicimpact.tamu.edu.

IMPACT ON THE BUSINESS COMMUNITY

The university serves Galveston County. During the analysis year, Texas A&M at Galveston's spending on operations and research, as well as the spending of its students and visitors added **\$74.3 million** to the county economy. When also accounting for former students, the impact sums to **\$108.2 million** in total income to the county economy, approximately equal to **0.6%** of the county's total gross regional product (GRP). By comparison, this impact from the university is as large as the county's entire Arts, Entertainment, & Recreation industry. The economic impacts of Texas A&M at Galveston break down as follows:

OPERATIONS SPENDING IMPACT

- Texas A&M at Galveston employed 285 full-time and part-time employees in FY 2017-18 (less

research). Payroll amounted to **\$27.7 million**, much of which was spent in Galveston County to purchase groceries, clothing, and other household goods and services. The university spent another **\$34.7 million** to support its day-to-day operations (less research).

- The net impact of university payroll and expenses (less research) in Galveston County during the analysis year was approximately **\$43.6 million** in total income. This is equivalent to supporting **650** jobs.

RESEARCH SPENDING IMPACT

- Research activities at Texas A&M at Galveston impact the county economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Galveston County through inventions, patent applications, and licenses. In FY 2017-18, Texas

A&M at Galveston spent **\$3.5 million** on payroll to support research activities.

- Texas A&M at Galveston’s research spending generated **\$7.7 million** in total income for the Galveston County economy, which is equivalent to supporting **112** jobs.

CONSTRUCTION SPENDING IMPACT

- Texas A&M at Galveston commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the county economy.
- The net impact of Texas A&M at Galveston’s construction spending in FY 2017-18 was **\$2.3 million** in total income for the Galveston County economy, which is equivalent to supporting **28** jobs.

STUDENT SPENDING IMPACT

- Around **96%** of credit-bearing students attending Texas A&M at Galveston originated from outside the county. The majority of these students, called relocator students, moved to Galveston County. In addition, a number of students would have left the county if not for Texas A&M at Galveston. These relocator and retained students spent money on groceries, transportation, rent, and so on at county businesses.
- The expenditures of relocator and retained students during the analysis year added approximately **\$18.2 million** in total income to the Galveston County economy. This is equivalent to supporting **288** jobs.

VISITOR SPENDING IMPACT

- Out-of-county visitors attracted to Galveston County for activities at Texas A&M at Galveston brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other county businesses.
- Visitor spending added approximately **\$2.6 million** in total income for the Galveston County economy, which is equivalent to supporting **66** jobs.

TOTAL TEXAS A&M AT GALVESTON IMPACT

- The total Texas A&M at Galveston impact on the Galveston County economy amounted to **\$74.3 million** in added income, equivalent to supporting **1,144** jobs.

FORMER STUDENT IMPACT

- Over the years, students have studied at Texas A&M at Galveston and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Galveston County.
- The accumulated contribution of former students currently employed in the Galveston County workforce amounted to **\$33.9 million** in total income during the analysis year. This is equivalent to supporting **293** jobs.

GRAND TOTAL IMPACT

- The overall impact of Texas A&M at Galveston on the county business community during the analysis year amounted to **\$108.2 million** in total income, equal to the sum of the total Texas A&M at Galveston impact and the former student impact. This is equivalent to supporting 1,437 jobs

IMPACTS CREATED BY TEXAS A&M AT GALVESTON AND ITS FORMER STUDENTS IN FY 2017-18

Total Income	Jobs
OPERATIONS SPENDING IMPACT	
\$43.6 MILLION	650
RESEARCH SPENDING IMPACT	
\$7.7 MILLION	112
CONSTRUCTION SPENDING IMPACT	
\$2.3 MILLION	28
STUDENT SPENDING IMPACT	
\$18.2 MILLION	288
VISITOR SPENDING IMPACT	
\$2.6 MILLION	66
TOTAL TEXAS A&M AT GALVESTON IMPACT	
\$74.3 MILLION	1,144
FORMER STUDENT IMPACT	
\$33.9 MILLION	293
GRAND TOTAL IMPACT	
\$108.2 MILLION	1,437

and is equal to approximately **0.6%** of the GRP of Galveston County. By comparison, this contribution the university provides on its own is nearly as large as the entire Arts, Entertainment, & Recreation industry in the county. In addition, **one out of every 114 jobs** in Galveston County is supported by the activities of university.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

STUDENT PERSPECTIVE

- Texas A&M University at Galveston's 2017-18 students were charged a total of **\$22.8 million** to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent **\$25.4 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students will receive a present value of **\$216.6 million** in increased earnings over their working lives. This translates to a return of **\$4.49** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **15.5%**.

TAXPAYER PERSPECTIVE

- In FY 2017-18, state and local taxpayers in Texas

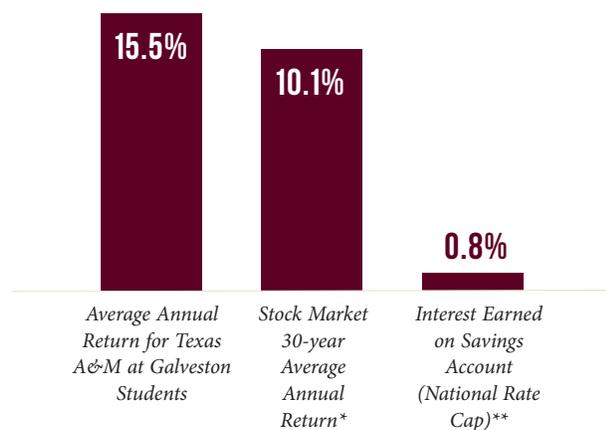
paid **\$27.1 million** to support the operations of Texas A&M University at Galveston. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$101.7 million** in benefits to taxpayers. Savings to the public sector add another **\$8.6 million** in benefits due to students' reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a **4.07** benefit-cost ratio, i.e., every dollar in costs returns \$4.07 in benefits. The average annual return on investment for taxpayers is **10.5%**.

SOCIAL PERSPECTIVE

- Society as a whole in Texas will receive a present value of **\$1.7 billion** in added state revenue over the course of the students' working lives. Society will also benefit from **\$21.4 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on educations obtained at Texas A&M University at Galveston during the analysis year, society will receive a cumulative value of **\$14.47** in benefits, for as long as the FY 2017-18 student population at Texas A&M University at Galveston remains active in the state workforce.

STUDENT RATE OF RETURN



*Forbes' S&P 500, 1987-2016.

**FDIC.gov, 7-2017.

FOR EVERY \$1 SPENT BY...

STUDENTS	\$4.49 Gained in lifetime earnings for STUDENTS
TAXPAYERS	\$4.07 Gained in added taxes and public sector savings for TAXPAYERS
SOCIETY	\$14.47 Gained in added state revenue and social savings for SOCIETY