Texas A&M University (Texas A&M) 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. This analysis covers all university components in Texas, including the Galveston Branch Campus, School of Law, and all Health Science Center activities. 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

During the analysis year, Texas A&M’s spending on operations and research, its entrepreneurial activities, and the spending of its students and visitors added $3.1 billion to the state economy. When also accounting for former students, the impact sums to $11 billion in total income to the Texas economy, approximately equal to 0.6% of the state’s total gross state product (GSP). By comparison, this impact from the university is as large as the state’s entire Arts, Entertainment, & Recreation industry. The economic impacts of Texas A&M break down as follows:

OPERATIONS SPENDING IMPACT
- Texas A&M employed 7,072 full-time and part-time employees in FY 2017-18 (less research). Payroll amounted to $791.8 million, much of which was spent in Texas to purchase groceries, clothing, and other household goods and services. The universities spent another $544.8 million to support its day-to-day operations (less research).
- The net impact of Texas A&M payroll and expenses (less research) in Texas during the analysis year was approximately $706.8 million in total income. This is equivalent to supporting 7,540 jobs.

RESEARCH SPENDING IMPACT
- Research activities at Texas A&M impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Texas through inventions, patent applications, and licenses. In FY 2017-18, Texas A&M spent $403.1
million on payroll to support research activities.

- Texas A&M’s research spending generated $977.1 million in total income for the Texas economy, which is equivalent to supporting 10,590 jobs.

**CONSTRUCTION SPENDING IMPACT**
- Texas A&M commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of Texas A&M’s construction spending in FY 2017-18 was $130 million in total income for the Texas economy, which is equivalent to supporting 1,754 jobs.

**START-UP AND SPIN-OFF COMPANY IMPACT**
- Texas A&M creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created by Texas A&M.
- In FY 2017-18, Texas A&M’s start-up and spin-off companies generated $769.2 million in total income for the Texas economy, which is equivalent to supporting 6,144 jobs.

**STUDENT SPENDING IMPACT**
- Around 15% of credit-bearing students attending Texas A&M originated from outside the state. Some of these students, called relocator students, moved to Texas. In addition, a number of students would have left the state if not for Texas A&M. These relocator and retained students spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of relocator and retained students during the analysis year added approximately $348.8 million in total income to the Texas economy. This is equivalent to supporting 6,261 jobs.

**VISITOR SPENDING IMPACT**
- Out-of-state visitors attracted to Texas for activities at Texas A&M brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately $161.4 million in total income for the Texas economy, which is equivalent to supporting 3,214 jobs.

### TOTAL TEXAS A&M IMPACT
- The total Texas A&M impact on the Texas economy amounted to $3.1 billion in added income, equivalent to supporting 35,504 jobs.

### Former Student Impact
- Over the years, students have studied at Texas A&M and entered or re-entered the workforce with newly-acquired skills. Today, tens of thousands of these former students are employed in Texas.
- The accumulated contribution of former students currently employed in the Texas workforce amounted to $7.9 billion in total income during the analysis year. This is equivalent to supporting 82,993 jobs.

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

<table>
<thead>
<tr>
<th>Impact</th>
<th>Total Income</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operations Spending Impact</strong></td>
<td>$706.8 million</td>
<td>7,540</td>
</tr>
<tr>
<td><strong>Research Spending Impact</strong></td>
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<td><strong>Former Student Impact</strong></td>
<td>$7.9 billion</td>
<td>82,993</td>
</tr>
<tr>
<td><strong>Grand Total Impact</strong></td>
<td>$11 billion</td>
<td>118,497</td>
</tr>
</tbody>
</table>
**GRAND TOTAL IMPACT**

- The overall impact of Texas A&M on the state business community during the analysis year amounted to **$11 billion** in total income, equal to the sum of the total Texas A&M impact and the former student impact. This is equivalent to supporting **118,497 jobs** and is equal to approximately **0.6%** of the GSP of Texas. By comparison, this contribution the university provides on its own is as large as the entire Arts, Entertainment, & Recreation industry. In addition, **one out of every 144 jobs** in Texas is supported by the activities of Texas A&M and its students.

**RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY**

**STUDENT PERSPECTIVE**

- Texas A&M’s 2017-18 students were charged a total of **$679.5 million** to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent **$984.6 million** in money that they would have earned had they been working instead of learning.

- In return for the monies invested in the universities, students will receive a present value of **$7.2 billion** in increased earnings over their working lives. This translates to a return of **$4.35** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **15.6%**.

**TAXPAYER PERSPECTIVE**

- In FY 2017-18, state and local taxpayers in Texas paid **$614.6 million** to support the operations of Texas A&M. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to **$2.1 billion** in benefits to taxpayers. Savings to the public sector add another **$356.7 million** in benefits due to students’ reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a **4.08** benefit-cost ratio, i.e., every dollar in costs returns $4.08 in benefits. The average annual return on investment for taxpayers is **9.7%**.

**SOCIAL PERSPECTIVE**

- Society as a whole in Texas will receive a present value of **$35.4 billion** in added state revenue over the course of the students’ working lives. Society will also benefit from **$1 billion** 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 during the analysis year, society will receive a cumulative value of **$9.74** in benefits, for as long as the FY 2017-18 student population at Texas A&M remains active in the state workforce.

**STUDENT RATE OF RETURN**

<table>
<thead>
<tr>
<th>Average Annual Return for Texas A&amp;M Students</th>
<th>Stock Market 30-year Average Annual Return*</th>
<th>Interest Earned on Savings Account (National Rate Cap)**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>15.6%</strong></td>
<td><strong>10.1%</strong></td>
<td><strong>0.8%</strong></td>
</tr>
</tbody>
</table>


**FOR EVERY $1 SPENT BY...**

<table>
<thead>
<tr>
<th>STUDENTS</th>
<th>TAXPAYERS</th>
<th>SOCIETY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$4.35</strong></td>
<td><strong>$4.08</strong></td>
<td><strong>$9.74</strong></td>
</tr>
</tbody>
</table>

- Gained in lifetime earnings for STUDENTS
- Gained in added taxes and public sector savings for TAXPAYERS
- Gained in added state revenue and social savings for SOCIETY