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. Results of the analysis reflect Fiscal Year (FY) 2014-15.

IMPACT ON BUSINESS COMMUNITY

The region the university serves is defined as Texas A&M Service Region and consists of Brazos, Burleson, Robertson, Grimes, Washington, Madison, and Leon County in Texas. During the analysis year, Texas A&M and its entrepreneurial activities, students, and visitors added $2 billion in total income to the Texas A&M Service Region economy, approximately equal to 15.7% of the region’s total GRP. By comparison, this impact from the university is larger than any industry in the region. The economic impacts of Texas A&M break down as follows:

OPERATIONS SPENDING IMPACT
- Texas A&M employed 5,950 full-time and part-time employees in FY 2014-15 (less research). Payroll amounted to $653.1 million, much of which was spent in the Texas A&M Service Region to purchase groceries, clothing, and other household goods and services. The university spent another $566.6 million to support its day-to-day operations (less research).
- The net impact of university payroll and expenses (less research) in the Texas A&M Service Region economy, approximately equal to 15.7% of the region’s total GRP. By comparison, this impact from the university is larger than any industry in the region. The economic impacts of Texas A&M break down as follows:

RESEARCH SPENDING IMPACT
- Research activities at Texas A&M impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in the Texas A&M Service Region through inventions, patent applications, and licenses. In FY 2014-15,
Texas A&M spent $265.5 million on payroll to support research activities.

- Texas A&M’s research spending generated $423.1 million in total income for the Texas A&M Service Region economy, which is equivalent to supporting 5,243 jobs.

**START-UP & 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 the university.

- In FY 2014-15, Texas A&M’s start-up and spin-off companies generated $156.6 million in total income for the Texas A&M Service Region economy, which is equivalent to supporting 1,489 jobs.

**STUDENT SPENDING IMPACT**

- Around 60% of students attending Texas A&M originated from outside the region. Some of these students relocated to the Texas A&M Service Region. In addition, a number of students would have left the region if not for Texas A&M. These relocator and retained students spent money on groceries, transportation, rent, and so on at region businesses.

- The expenditures of relocator and retained students during the analysis year added approximately $232.2 million in total income to the Texas A&M Service Region economy. This is equivalent to supporting 8,693 jobs.

**VISITOR SPENDING IMPACT**

- Out-of-region visitors attracted to the Texas A&M Service Region for activities at Texas A&M brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.

- Visitor spending added approximately $72.3 million in total income for the Texas A&M Service Region economy, which is equivalent to supporting 2,033 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, thousands of these former students are employed in the Texas A&M Service Region.

- The accumulated contribution of former students currently employed in the regional workforce amounted to $318.7 million in total income during the analysis year. This is equivalent to supporting 5,375 jobs.

**TOTAL IMPACT**

- The overall impact of Texas A&M on the region business community during the analysis year amounted to $2 billion in total income, equal to the sum of the operations spending impact, the research spending impact, the start-up and spin off company impact, the student spending impact, the visitor spending impact, and the former student impact. This was equal to approximately 15.7% of the GSP of the Texas A&M Service Region. By comparison, this contribution the university provides on its own is larger than any industry in the region.

**IMPARTS CREATED BY TEXAS A&M IN FY 2014-15**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Total Income</th>
<th>Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations Spending Impact</td>
<td>$799.1 million</td>
<td>8,859</td>
</tr>
<tr>
<td>Research Spending Impact</td>
<td>$423.1 million</td>
<td>5,243</td>
</tr>
<tr>
<td>Start-up and Spin-off Company Impact</td>
<td>$156.6 million</td>
<td>1,489</td>
</tr>
<tr>
<td>Student Spending Impact</td>
<td>$232.2 million</td>
<td>8,693</td>
</tr>
<tr>
<td>Visitor Spending Impact</td>
<td>$72.3 million</td>
<td>2,033</td>
</tr>
<tr>
<td>Former Student Impact</td>
<td>$318.7 million</td>
<td>5,375</td>
</tr>
<tr>
<td><strong>Total Impact</strong></td>
<td><strong>$2 billion</strong></td>
<td><strong>31,692</strong></td>
</tr>
</tbody>
</table>
RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, & SOCIETY

STUDENT PERSPECTIVE

- Texas A&M’s 2014-15 students paid a total of $522.9 million to cover the cost of tuition, fees, books, and supplies. They also forwent $1.1 billion 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 $5.4 billion in increased earnings over their working lives. This translates to a return of $3.24 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 13.8%.

TAXPAYER PERSPECTIVE

- In FY 2014-15, state and local taxpayers in Texas paid $407.8 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 $1.5 billion in benefits to taxpayers. Savings to the public sector add another $465.8 million in benefits due to a reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a 4.90 benefit-cost ratio, i.e., every $1 in costs returns $4.90 in benefits. The average annual return on investment for taxpayers is 22.7%.

SOCIAL PERSPECTIVE

- Society as a whole in Texas will receive a present value of $22.2 billion in added state revenue over the course of the students’ working lives. Society will also benefit from $2.9 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 education obtained at Texas A&M during the analysis year, society will receive a cumulative value of $7.88 in benefits, for as long as the FY 2014-15 student population at Texas A&M remains active in the state workforce.

STUDENT RATE OF RETURN

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Students</td>
<td>13.8%</td>
<td>9.1%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Taxpayers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Society</td>
<td></td>
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</tbody>
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* RealityTrac’s Q3 2014 study of 586 counties nationwide.