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) 2015-16.

**IMPACT ON BUSINESS COMMUNITY**

During the analysis year, Texas A&M and its entrepreneurial activities, students, and visitors added $8.5 billion, $6.2 billion stems from former students, in total income to the Texas economy, approximately equal to 0.6% of the state’s total GSP. By comparison, this impact from the university is nearly as large as the entire Arts, Entertainment, & Recreation industry in the state. The economic impacts of Texas A&M break down as follows:

**OPERATIONS SPENDING IMPACT**

- Texas A&M employed 6,538 full-time and part-time employees in FY 2015-16 (less research). Payroll amounted to $720 million, much of which was spent in Texas to purchase groceries, clothing, and other household goods and services. The university spent another $754.3 million to support its day-to-day operations (less research).
- The net impact of university payroll and expenses (less research) in Texas during the analysis year was approximately $756.3 million in total income. This is equivalent to supporting 7,863 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 2015-16, Texas A&M spent $384.1 million on payroll to support research activities.
• Texas A&M’s research spending generated $882.3 million in total income for the Texas economy, which is equivalent to supporting 9,965 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 the university.
• In FY 2015-16, Texas A&M’s start-up and spin-off companies generated $318 million in total income for the Texas economy, which is equivalent to supporting 2,537 jobs.

STUDENT SPENDING IMPACT
• Around 10% of students attending Texas A&M originated from outside the state. Some of these students relocated 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 $268.6 million in total income to the Texas economy. This is equivalent to supporting 5,154 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 $40.9 million in total income for the Texas economy, which is equivalent to supporting 806 jobs.

TOTAL TEXAS A&M IMPACT
The total Texas A&M impact on the Texas economy amounted to $2.3 billion in added income, equivalent to supporting 26,325 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 Texas.
• The accumulated contribution of former students currently employed in the state workforce amounted to $6.2 billion in total income during the analysis year. This is equivalent to supporting 71,006 jobs.

GRAND TOTAL IMPACT
The overall impact of Texas A&M on the state business community during the analysis year amounted to $8.5 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 97,331 jobs and is equal to approximately 0.6% of the GSP of Texas. By comparison, this contribution the university provides on its own is nearly as large as the entire Arts, Entertainment, & Recreation industry in the state.

ICMPACTS CREATED BY TEXAS A&M AND ITS FORMER STUDENTS IN FY 2015-16

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<tr>
<th>Total Income</th>
<th>Jobs</th>
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<tr>
<td>OPERATIONS SPENDING IMPACT</td>
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RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, & SOCIETY

STUDENT PERSPECTIVE

• Texas A&M’s 2015-16 students paid a total of $639.1 million to cover the cost of tuition, fees, books, and supplies. They also forwent $980.4 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 $6.3 billion in increased earnings over their working lives. This translates to a return of $3.88 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 13.4%.

TAXPAYER PERSPECTIVE

• In FY 2015-16, state and local taxpayers in Texas paid $593.4 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 $1.8 billion in benefits to taxpayers. Savings to the public sector add another $690.4 million in benefits due to a reduced demand for government-funded services in Texas.

• Dividing benefits to taxpayers by the associated costs yields a 4.26 benefit-cost ratio, i.e., every $1 in costs returns $4.26 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 $27.6 billion in added state revenue over the course of the students’ working lives. Society will also benefit from $3.9 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 educations obtained at Texas A&M during the analysis year, society will receive a cumulative value of $9.19 in benefits, for as long as the FY 2015-16 student population at Texas A&M remains active in the state workforce.

STUDENT RATE OF RETURN

FOR EVERY $1 SPENT BY...

- Students: $3.88, gained in lifetime earnings for STUDENTS
- Taxpayers: $4.26, gained in added state revenue and social savings for TAXPAYERS
- Society: $9.19, gained in added taxes and public sector savings for SOCIETY

* RealityTrac’s Q3 2014 study of 586 counties nationwide.