

THE ECONOMIC VALUE TO BRAZOS VALLEY OF TEXAS A&M UNIVERSITY

Fiscal year of analysis 2016 - 2017

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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) 2016-17 (September 1, 2016 to August 31, 2017). An electronic version of the executive summary and fact sheet are available at: <http://ppo.tamu.edu/Services/Assessment/Economic-Impact-Studies>.

IMPACT ON BUSINESS COMMUNITY

The region the university serves is Brazos Valley and consists of Brazos, Burlleson, Robertson, Grimes, Washington, Madison, and Leon Counties in Texas. 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 **\$2.4 billion** to the regional economy. When also accounting for former students, the impact sums to **\$2.7 billion** in total income to the regional economy, approximately equal to **19.7%** of the region's total gross regional product (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 6,278 full-time and part-time employees in FY 2016-17 (less research). Payroll

amounted to **\$705.2 million**, much of which was spent in Brazos Valley to purchase groceries, clothing, and other household goods and services. The university spent another **\$651.7 million** to support its day-to-day operations (less research).

- The net impact of university payroll and expenses (less research) in Brazos Valley during the analysis year was approximately **\$930.3 million** in total income. This is equivalent to supporting **10,294** jobs.

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 Brazos Valley through inventions, patent applications, and licenses. In FY 2016-17, Texas A&M spent **\$350.6 million** on payroll to support research activities.

- Texas A&M’s research spending generated **\$638 million** in total income for Brazos Valley, which is equivalent to supporting **7,925** 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 2016-17, Texas A&M’s start-up and spin-off companies generated **\$106.5 million** in total income for the Brazos Valley economy, which is equivalent to supporting **1,291** jobs.

STUDENT SPENDING IMPACT

- Around 79% of credit students attending Texas A&M originated from outside the region. Some of these students, called relocater students, moved to Brazos Valley. In addition, a number of students would have left the region if not for Texas A&M. These relocater and retained students spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of relocater and retained students during the analysis year added approximately **\$446.4 million** in total income to the Brazos Valley economy. This is equivalent to supporting **10,607** jobs.

VISITOR SPENDING IMPACT

- Out-of-region visitors attracted to Brazos Valley 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 **\$285.9 million** in total income for the Brazos Valley economy, which is equivalent to supporting **8,187** jobs.

TOTAL TEXAS A&M IMPACT

The total Texas A&M impact on the Brazos Valley economy amounted to **\$2.4 billion** in added income, equivalent to supporting **38,303** 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 Brazos Valley.

- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$299.2 million** in total income during the analysis year. This is equivalent to supporting **4,789** jobs.

GRAND TOTAL IMPACT

The overall impact of all regional components of Texas A&M on the region’s business community during the analysis year amounted to **\$2.7 billion** in total income, equal to the sum of the total Texas A&M impact and the former student impact. This was equal to approximately **19.7%** of the GRP of Brazos Valley. By comparison, this contribution the university provides on its own is significantly larger than any industry in the region. This means that one out of every **five** jobs in Brazos Valley is supported by the activities of Texas A&M and its students.

IMPACTS CREATED BY TEXAS A&M AND ITS FORMER STUDENTS ON BRAZOS VALLEY IN FY 2016-17

Total Income	Jobs
OPERATIONS SPENDING IMPACT	
\$930.3 MILLION	10,294
RESEARCH SPENDING IMPACT	
\$638 MILLION	7,925
START-UP AND SPIN-OFF COMPANY IMPACT	
\$106.5 MILLION	1,291
STUDENT SPENDING IMPACT	
\$446.4 MILLION	10,607
VISITOR SPENDING IMPACT	
\$285.9 MILLION	8,187
TOTAL TEXAS A&M IMPACT	
\$2.4 BILLION	38,303
FORMER STUDENT IMPACT	
\$299.2 MILLION	4,789
GRAND TOTAL IMPACT	
\$2.7 BILLION	43,092

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, & SOCIETY

STUDENT PERSPECTIVE

- Texas A&M's FY 2016-17 students paid a total present value of **\$620.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$902.9 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 **\$6.7 billion** in increased earnings over their working lives. This translates to a return of **\$4.38** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **14.7%**.

TAXPAYER PERSPECTIVE

- In FY 2016-17, state and local taxpayers in Texas paid **\$487.5 million** to support the operations of Texas A&M. The net present value of the added tax revenue stemming from the students' higher lifetime

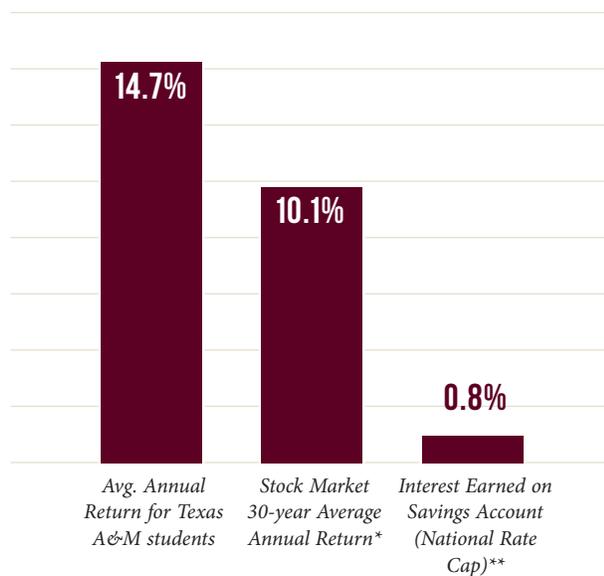
earnings and the increased output of businesses amounts to **\$2.4 billion** in benefits to taxpayers. Savings to the public sector add another **\$731 million** in benefits due to a reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a **6.49** benefit-cost ratio, i.e., every dollar in costs returns \$6.49 in benefits. The average annual return on investment for taxpayers is **31.3%**.

SOCIAL PERSPECTIVE

- Society as a whole in Texas will receive a present value of **\$37 billion** in added state revenue over the course of the students' working lives. Society will also benefit from **\$4.1 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 **\$12.98** in benefits, for as long as the FY 2016-17 student population at Texas A&M 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	\$4.38 Gained in lifetime earnings for STUDENTS
TAXPAYERS	\$6.49 Gained in added taxes and public sector savings for TAXPAYERS
SOCIETY	\$12.98 Gained in added state revenue and social savings for SOCIETY