Texas A&M University Galveston (Texas A&M 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) 2015-16.

**IMPACT ON BUSINESS COMMUNITY**

The university serves Galveston County. During the analysis year, Texas A&M Galveston and its students and visitors added $72.7 million, $30.2 million of which stems from former students, in total income to the Galveston County economy, approximately equal to 0.5% of the county’s total GRP. By comparison, this impact from the university is nearly as large as the entire Arts, Entertainment, & Recreation industry. The economic impacts of Texas A&M Galveston break down as follows:

**OPERATIONS SPENDING IMPACT**

- Texas A&M Galveston employed 281 full-time and part-time employees in FY 2015-16 (less research). Payroll amounted to $25.6 million, much of which was spent in Galveston County to purchase groceries, clothing, and other household goods and services. The university spent another $34 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 $32 million in total income. This is equivalent to supporting 430 jobs.
RESEARCH SPENDING IMPACT
- Research activities at Texas A&M 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 2015-16, Texas A&M Galveston spent $3.2 million on payroll to support research activities.
- Texas A&M Galveston’s research spending generated $5 million in total income for the Galveston County economy, which is equivalent to supporting 69 jobs.

STUDENT SPENDING IMPACT
- Around 32% of students attending Texas A&M Galveston originated from outside the county. The majority of these students relocated to Galveston County. In addition, a number of students would have left the county if not for Texas A&M 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 $5.2 million in total income to the Galveston County economy. This is equivalent to supporting 86 jobs.

VISITOR SPENDING IMPACT
- Out-of-county visitors attracted to Galveston County for activities at Texas A&M Galveston brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other county businesses.
- Visitor spending added approximately $284,600 in total income for the Galveston County economy, which is equivalent to supporting seven jobs.

TOTAL TEXAS A&M GALVESTON IMPACT
The total Texas A&M Galveston impact on the Galveston County economy amounted to $42.5 million in added income, equivalent to supporting 591 jobs.

FORMER STUDENT IMPACT
- Over the years, students have studied at Texas A&M Galveston and entered or re-entered the workforce with newly-acquired skills. Today, hundreds of these former students are employed in Galveston County.
- The accumulated contribution of former students currently employed in the county workforce amounted to $30.2 million in total income during the analysis year. This is equivalent to supporting 279 jobs.

GRAND TOTAL IMPACT
The overall impact of Texas A&M Galveston on the county business community during the analysis year amounted to $72.7 million in total income, equal to the sum of the total Texas A&M impact and the former student impact. This was equal to approximately 0.5% 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.

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

<table>
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<th>Total Income</th>
<th>Jobs</th>
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<td>FORMER STUDENT IMPACT</td>
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<td>GRAND TOTAL IMPACT</td>
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<tr>
<td>$72.7 MILLION</td>
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RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, & SOCIETY

STUDENT PERSPECTIVE

- Texas A&M Galveston’s 2015-16 students paid a total of $24.4 million to cover the cost of tuition, fees, books, and supplies. They also forwent $34.2 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 $221.8 million in increased earnings over their working lives. This translates to a return of $3.78 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 12.7%.

TAXPAYER PERSPECTIVE

- In FY 2015-16, state and local taxpayers in Texas paid $23.7 million to support the operations of Texas A&M 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 $92 million in benefits to taxpayers. Savings to the public sector add another $20.6 million in benefits due to a reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a 4.7 benefit-cost ratio, i.e., every $1 in costs returns $4.74 in benefits. The average annual return on investment for taxpayers is 11.0%.

SOCIAL PERSPECTIVE

- Society as a whole in Texas will receive a present value of $1.4 billion in added state revenue over the course of the students’ working lives. Society will also benefit from $113.5 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 Galveston during the analysis year, society will receive a cumulative value of $14.20 in benefits, for as long as the FY 2015-16 student population at Texas A&M Galveston remains active in the state workforce.

STUDENT RATE OF RETURN

- **Students**: $3.78 Gained in lifetime earnings for STUDENTS
- **Taxpayers**: $4.74 Gained in added state revenue and social savings for TAXPAYERS
- **Society**: $14.20 Gained in added taxes and public sector savings for SOCIETY

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