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) 2017-18 (September 1, 2017 to August 31, 2018). An electronic version of the executive summary and fact sheet are available at: http://ppo.tamu.edu/Services/Assessment/Economic-Impact-Studies.

IMPACT ON THE BUSINESS COMMUNITY

The region the university serves is Brazos Valley and consists of Brazos, Burleson, 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 $2.8 billion in total income to the Brazos Valley economy, approximately equal to 19.2% 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 6,384 full-time and part-time employees in FY 2017-18 (less research). Payroll amounted to $702.5 million, much of which was spent in the Brazos Valley to purchase groceries, clothing, and other household goods and services. The colleges spent another $507.4 million to support its day-to-day operations (less research).
- The net impact of Texas A&M payroll and expenses (less research) in the Brazos Valley during the analysis year was approximately $877.6 million in total income. This is equivalent to supporting 10,682 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 the Brazos Valley through inventions, patent applications, and licenses. In FY 2017-18, Texas A&M spent $361 million on payroll to support research activities.
• Texas A&M’s research spending generated $654 million in total income for the Brazos Valley economy, which is equivalent to supporting 8,496 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 regional economy.
• The net impact of Texas A&M’s construction spending in FY 2017-18 was $69.2 million in total income for the Brazos Valley economy, which is equivalent to supporting 1,126 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 $133.4 million in total income for the Brazos Valley economy, which is equivalent to supporting 1,657 jobs.

STUDENT SPENDING IMPACT
• Around 79% of credit-bearing students attending Texas A&M originated from outside the region. Some of these students, called relocator students, moved to Brazos Valley. 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 $496.7 million in total income to the Brazos Valley economy. This is equivalent to supporting 11,971 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 $200.8 million in total income for the Brazos Valley economy, which is equivalent to supporting 6,290 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 40,222 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 Brazos Valley workforce amounted to $327.7 million in total income during the analysis year. This is equivalent to supporting 5,019 jobs.

<table>
<thead>
<tr>
<th>Impact Category</th>
<th>Total Income</th>
<th>Jobs</th>
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<tbody>
<tr>
<td>OPERATIONS SPENDING IMPACT</td>
<td>$877.6 MILLION</td>
<td>10,682</td>
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<td>RESEARCH SPENDING IMPACT</td>
<td>$654 MILLION</td>
<td>8,496</td>
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<tr>
<td>CONSTRUCTION SPENDING IMPACT</td>
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<tr>
<td>START-UP AND SPIN-OFF COMPANY IMPACT</td>
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<td>TOTAL TEXAS A&amp;M IMPACT</td>
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<tr>
<td>FORMER STUDENT IMPACT</td>
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<tr>
<td>GRAND TOTAL IMPACT</td>
<td>$2.8 BILLION</td>
<td>45,241</td>
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GRAND TOTAL IMPACT
- The overall impact of Texas A&M on the regional business community during the analysis year amounted to $2.8 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 45,241 jobs and is equal to approximately 19.2% 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. In addition, one out of every five jobs in Brazos Valley 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 $607.2 million to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent $864.1 million in money that they would have earned had they been working instead of learning.

- In return for the monies invested in the colleges, students will receive a present value of $6.5 billion in increased earnings over their working lives. This translates to a return of $4.42 in higher future earnings for every dollar that students invest in their education. The average annual return for students is 15.8%.

TAXPAYER PERSPECTIVE
- In FY 2017-18, state and local taxpayers in Texas paid $499.7 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 $2.2 billion in benefits to taxpayers. Savings to the public sector add another $321.9 million in benefits due to students’ reduced demand for government-funded services in Texas.

- Dividing benefits to taxpayers by the associated costs yields a 4.95 benefit-cost ratio, i.e., every dollar in costs returns $4.95 in benefits. The average annual return on investment for taxpayers is 18.5%.

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 $893.9 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 during the analysis year, society will receive a cumulative value of $10.82 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

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<th>15.8%</th>
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<tr>
<td>Average Annual Return for Texas A&amp;M Students</td>
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<td>Stock Market 30-year Average Annual Return*</td>
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<tr>
<td>Interest Earned on Savings Account (National Rate Cap)**</td>
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**FDIC.gov, 7-2017.