Impact on the Business Community

During the analysis year, the Texas A&M HSC's spending on operations, research, and construction, along with its entrepreneurial activities and the spending of its students and visitors, added $677.1 million in income to the Texas economy. When also accounting for former students, the impact sums to a value approximately equal to $976.7 million in total income to the Texas economy. Expressed in terms of jobs, the Texas A&M HSC's impact supported 15,182 jobs. The economic impacts of the Texas A&M HSC break down as follows:

Operations Spending Impact
- The Texas A&M HSC employed 1,647 full-time and part-time faculty and staff in FY 2019-20 (less research). Payroll amounted to $140.2 million, much of which was spent in the state for groceries, clothing, and other household goods and services. The Texas A&M HSC spent another $57.8 million to support its day-to-day operations (less research).
- The net impact of Texas A&M HSC payroll and
expenses (less research) in Texas during the analysis year was approximately $33.0 million in total income. This is equivalent to supporting 124 jobs.

**RESEARCH SPENDING IMPACT**
- Research activities at the Texas A&M HSC 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 2019-20, the Texas A&M HSC spent $44.5 million on payroll and $188.5 million on other expenses to support research activities.
- The Texas A&M HSC’s research spending generated $276.0 million in total income for the Texas economy, which is equivalent to supporting 3,300 jobs.

**CONSTRUCTION SPENDING IMPACT**
- The Texas A&M HSC commissioned contractors to build or renovate its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of the Texas A&M HSC’s construction spending in FY 2019-20 was $9.2 million in total income for Texas, which is equivalent to supporting 133 jobs.

**START-UP & SPIN-OFF COMPANY IMPACT**
- The Texas A&M HSC creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created by the Texas A&M HSC.*
- In FY 2019-20, the Texas A&M HSC’s start-up and spin-off companies generated $337.1 million in total income for the Texas economy, which is equivalent to supporting 5,122 jobs.

**STUDENT SPENDING IMPACT**
- Around 12% of credit-bearing students attending the Texas A&M HSC originated from outside the state. Some of these students, called relocator students, moved to Texas. In addition, a number of students would have left the state if not for the Texas A&M HSC. 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 $19.6 million in total income to the Texas economy. This is equivalent to supporting 411 jobs.

**VISITOR SPENDING IMPACT**
- Out-of-state visitors attracted to Texas for activities at the Texas A&M HSC brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately $2.2 million in total income for the Texas economy, which is equivalent to supporting 51 jobs.

* The Texas A&M HSC continuously improves data sources for extant spin-off companies created by former students. A large number of these were added for this report that were previously uncounted.
TOTAL IMPACT OF THE TEXAS A&M HSC
• The total Texas A&M HSC impact on the Texas economy amounted to $677.1 million in added income, equivalent to supporting 9,141 jobs.

FORMER STUDENT IMPACT
• Over the years, students have studied at the Texas A&M HSC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Texas.
• The accumulated contribution of former students currently employed in the Texas workforce amounted to $299.6 million in total income during the analysis year. This is equivalent to supporting 6,040 jobs.

GRAND TOTAL IMPACT
The overall impact of the Texas A&M HSC on the state business community during the analysis year amounted to $976.7 million in total income, equal to the sum of the total Texas A&M HSC impact and the former student impact. This is equivalent to supporting 15,182 jobs.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

STUDENT PERSPECTIVE
• The Texas A&M HSC’s FY 2019-20 students paid a present value of $44.8 million to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent $93.2 million in money that they would have earned had they been working instead of attending.
• In return for the monies invested in the Texas A&M HSC, students will receive a present value of $504.2 million in increased earnings over their working lives. This translates to a return of $3.66 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 15.9%.

TAXPAYER PERSPECTIVE
• In FY 2019-20, state and local taxpayers in Texas paid $174.1 million to support the operations of the Texas A&M HSC. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $86.9 million. A reduced demand for government-funded services in Texas will add another $15.9 million in benefits to taxpayers.
• Dividing benefits to taxpayers by the associated costs yields a 0.6 benefit-cost ratio, i.e., every dollar in costs returns $0.59 in benefits.

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 $62.7 million in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
• For every dollar invested in the Texas A&M HSC in FY 2019-20, people in Texas will receive $2.65 in return, for as long as the Texas A&M HSC’s FY 2019-20 students remain active in the state workforce.

FOR EVERY $1 SPENT BY...

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<thead>
<tr>
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<th>STUDENTS</th>
<th>TAXPAYERS</th>
<th>SOCIETY</th>
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<td>Students</td>
<td>$3.66</td>
<td>$0.59</td>
<td>$2.65</td>
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<tr>
<td></td>
<td>Gained in lifetime earnings for STUDENTS</td>
<td>Gained in added tax revenue and public sector savings for TAXPAYERS</td>
<td>Gained in added state revenue and social savings for SOCIETY</td>
</tr>
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STUDENT RATE OF RETURN

**FDIC.gov, 6-2019.