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 received by each of these groups.

Texas A&M remained open and operational throughout 2020 and addressed the pandemic, by transferring learning, advising, support operations, and many other activities to hybrid, occupancy limited and/or virtual platforms. However, the pandemic led to the movement of many summer academic programs online and cancellation of many on-campus events from March to August 2020. Each of these substantially impacted areas such as the observed decrease in student spending impact during the fiscal year. Results of the analysis reflect fiscal year (FY) 2019-20 (September 1, 2019 to August 31, 2020). An electronic version of the executive summary and fact sheet are available at: economicimpact.tamu.edu.

**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, research, and construction, along with its entrepreneurial activities and the spending of its students and visitors, added $2.3 billion in income to the Brazos Valley economy. When also accounting for former students, the impact sums to $2.5 billion in total income to the Brazos Valley economy, approximately equal to 17.0% of the region’s total gross regional product (GRP). By comparison, this impact from the university is significantly larger than any industry in the region. Expressed in terms of jobs, Texas A&M’s impact supported 51,854 jobs. For perspective, the activities of Texas A&M and its students support one out of every four jobs in the Brazos Valley. The economic impacts of Texas A&M break down as follows:

**OPERATIONS SPENDING IMPACT**

- Texas A&M employed 15,156 full-time and part-time faculty and staff in FY 2019-20 (less research). Payroll amounted to $770.2 million, much of which was spent in the region for groceries, clothing, and other household goods and services. The university spent another $590.1 million to support its day-to-day operations (less research).
- The net impact of Texas A&M payroll and expenses (less research) in Brazos Valley during the analysis year was approximately $864.9 million in total income. This is equivalent to supporting 15,531 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 2019-20, Texas A&M spent $393.9 million on payroll and $495.8 million on other expenses to support research activities.
- Texas A&M’s research spending generated $708.7 million in total income for the Brazos Valley economy, which is equivalent to supporting 13,577 jobs.

CONSTRUCTION SPENDING IMPACT

- Texas A&M 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 regional economy.
- The net impact of Texas A&M’s construction spending in FY 2019-20 was $81.9 million in total income for the Brazos Valley economy, which is equivalent to supporting 1,368 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 2019-20, Texas A&M’s start-up and spin-off companies generated $81.4 million in total income for the Brazos Valley economy, which is equivalent to supporting 1,242 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 $361.7 million in total income to the Brazos Valley economy. This is equivalent to supporting 9,702 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 $218.6 million in total income for the Brazos Valley economy, which is equivalent to supporting 6,550 jobs.

TOTAL TEXAS A&M IMPACT

- The total Texas A&M impact on the Brazos Valley economy amounted to $2.3 billion in added income, equivalent to supporting 47,970 jobs.

FORMER STUDENT IMPACT

- Over the years, students have studied at Texas A&M and entered or re-entered the workforce with newly-acquired knowledge and 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 $218.7 million in total income during the analysis year. This is equivalent to supporting 3,884 jobs.

**GRAND TOTAL IMPACT**
The overall impact of Texas A&M on the regional business community during the analysis year amounted to $2.5 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 51,854 jobs and is equal to approximately 17.0% 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 four 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 FY 2019-20 students paid a present value of $710.5 million to cover the cost of tuition, fees, books, supplies, and interest on student loans. They also forwent $798.9 million in money that they would have earned had they been working instead of attending.
• In return for the monies invested in the university, students will receive a present value of $5.4 billion in increased earnings over their working lives. This translates to a return of $3.55 in higher future earnings for every dollar students invest in their education. The students’ average annual rate of return is 14.3%.

**TAXPAYER PERSPECTIVE**
• In FY 2019-20, state and local taxpayers in Texas paid $591.5 million to support the operations of Texas A&M. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $974.4 million. A reduced demand for government-funded services in Texas will add another $214.2 million in benefits to taxpayers.
• Dividing benefits to taxpayers by the associated costs yields a 2.0 benefit-cost ratio, i.e., every dollar in costs returns $2.01 in benefits. The average annual return on investment for taxpayers is 5.8%.

**SOCIAL PERSPECTIVE**
• Society as a whole in Texas will receive a present value of $15.4 billion in added state revenue over the course of the students’ working lives. Society will also benefit from $641.5 million in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
• For every dollar invested in Texas A&M in FY 2019-20, people in Texas will receive $4.80 in return, for as long as Texas A&M’s FY 2019-20 students remain active in the state workforce.

**STUDENT RATE OF RETURN**

<table>
<thead>
<tr>
<th>Average Annual Return for Texas A&amp;M Students</th>
<th>Stock Market 30-year Average Annual Return*</th>
<th>Interest Earned on Savings Account (National Rate Cap)**</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.3%</td>
<td>9.9%</td>
<td>0.8%</td>
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</tbody>
</table>

**FDIC.gov, 6-2019.