

THE ECONOMIC VALUE OF THE TEXAS A&M UNIVERSITY ATHLETICS DEPARTMENT

Fiscal year of analysis 2018 - 2019

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Texas A&M University (Texas A&M) is a large public research university based in College Station, Texas, with locations and facilities throughout Texas and with research and academics that encompass a worldwide community. The Texas A&M athletics department (Texas A&M Athletics) are a tradition almost as old as Texas A&M itself; the university's first official football game was played in 1894. Central to the economic value of Texas A&M Athletics are the construction and renovation of the department's facilities and the large number of visitors attracted to Brazos County by athletic and third-party events.

TEXAS A&M ATHLETICS ARE A TRADITION ALMOST AS OLD AS TEXAS A&M ITSELF.

Some of Texas A&M's most notable facilities include:

- Kyle Field, the largest football stadium in Texas with a seating capacity of over 102,000;
- Reed Arena, home to men's and women's basketball and volleyball, as well as numerous community events, concerts, trade shows, and conferences; and
- Olsen Field at Blue Bell Park, home of Texas A&M baseball.

Texas A&M Athletics creates value in many ways. The department supports a variety of industries in Brazos County by its spending and the spending of its visitors. The benefits created by Texas A&M Athletics even extend to the state government through increased tax revenues. This study measures the economic impacts created by Texas A&M Athletics on the business community and the growth in tax revenues. The following two analyses are presented:

- **Economic impact analysis**
- **Taxpayer benefits analysis**

All results reflect employee, visitor, and financial data, provided by the department, for fiscal year (FY) 2018-19. Impacts on the Brazos County economy are reported under the economic impact analysis and are measured in terms of added income. The growth in tax revenues analysis is conducted at the state level.

ECONOMIC IMPACT ANALYSIS

Texas A&M Athletics promotes economic growth in Brazos County through its direct expenditures and the resulting expenditures of visitors and county businesses. The department serves as an employer and buyer of goods and services for its day-to-day and construction operations. It also attracts visitors to the county who spend money in the county, thus growing the county economy.

OPERATIONS SPENDING IMPACT

- Texas A&M Athletics adds economic value to Brazos County as an employer of county residents and a large-scale buyer of goods and services. In FY 2018-19, the department employed 1,595 full-time and part-time staff, 50% of whom lived in Brazos County. Total payroll at Texas A&M Athletics was \$54.3 million, much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the department spent \$114.7 million on day-to-day expenses related to facilities, supplies, and professional services.
- The department's day-to-day operations spending added \$83.5 million in income to the county during the analysis year. This figure represents the

IMPACTS CREATED BY TEXAS A&M ATHLETICS ON BRAZOS COUNTY IN FY 2018-19

Added Income	Sales*
OPERATIONS SPENDING IMPACT	
\$83.5 MILLION	\$210.7 MILLION
CONSTRUCTION SPENDING IMPACT	
\$9.7 MILLION	\$37.5 MILLION
VISITOR SPENDING IMPACT	
\$35.7 MILLION	\$123.6 MILLION
TOTAL TEXAS A&M ATHLETICS IMPACT	
\$128.8 MILLION	\$371.8 MILLION
OR	
3,197 JOBS SUPPORTED	

* Note that Emsi considers added income as a more accurate measure of impact than sales because added income does not include the money that leaked out of the county economy to out-of-county suppliers and does not include intermediary transactions.

ADDED INCOME VS. SALES AND NET VS. GROSS IMPACTS

Even though Emsi suggests the reader only consider Texas A&M Athletics impact in terms of added income, impact studies performed by other firms may focus on sales, or output. Therefore, we present the impact in terms of sales along with added income. Emsi considers added income as a more accurate measure of impact than sales because added income does not include the money that leaked out of the county economy to out-of-county suppliers and does not include intermediary transactions, whereas sales includes these leakages and intermediary transactions.

In addition, the reader should note that all impacts presented here are considered net; in other words, counterfactual scenarios are considered. Emsi removes the impacts that would have occurred anyway, even without Texas A&M Athletics. Many other impact studies may present gross impact figures. The gross impact figures for this study can be found in the main report.

department's payroll, the multiplier effects generated by the in-county spending of the department and its employees, and a downward adjustment to account for funding that the department received from county sources. The \$83.5 million in added income is equivalent to supporting 1,952 jobs in the county. In terms of sales, the impact from operations spending was \$210.7 million.¹

CONSTRUCTION SPENDING IMPACT

- Texas A&M Athletics invests in construction each year to maintain its facilities and create additional capacities. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the county economy. In FY 2018-19, Texas A&M Athletics expanded the swimming and diving facility. This construction spending generated \$9.7 million in added income, which is equivalent to supporting 162 jobs. The sales impact of construction spending came to \$37.5 million.

VISITOR SPENDING IMPACT

- Hundreds of thousands of visitors from outside the county were attracted to Brazos County because of the athletic and third-party events held by Texas A&M Athletics or hosted in its facilities. While in the county, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the department's out-of-county visitors generated a net impact of \$35.7 million in added income for the county economy in FY 2018-19. This \$35.7 million in added income is equivalent to supporting 1,084 jobs. In terms

of sales, the impact from visitor spending was \$123.6 million.

- Of the \$35.7 million in added income, \$33 million stemmed from visitors of athletic events and the remaining \$2.7 million is from visitors attending third-party events hosted in Texas A&M Athletics' facilities. Notably, \$22.7 million emanated from football events.

TOTAL IMPACT

- Texas A&M Athletics added \$128.8 million in income to the Brazos County economy during the analysis year, equal to the sum of the operations, construction, and visitor spending impacts. For context, the \$128.8 million impact was equal to approximately 1.4% of the total gross regional product (GRP) of Brazos County. This contribution that the department provided on its own is larger than the entire Transportation & Warehousing industry in the county. This is equivalent to an impact of \$371.8 million in terms of sales on Brazos County.
- The department's total impact can also be expressed in terms of jobs supported. The \$128.8 million impact supported 3,197 county jobs, using the jobs-to-sales ratios specific to each industry in the county. This means that one out of every 46 jobs in Brazos County is supported by the

ONE OUT OF EVERY 46 JOBS IN BRAZOS COUNTY IS SUPPORTED BY THE ACTIVITIES OF TEXAS A&M ATHLETICS AND ITS VISITORS.

¹ Note that Emsi considers added income as a more accurate measure of impact than sales because added income does not include the money that leaked out of the county economy to out-of-county suppliers and does not include intermediary transactions, whereas sales includes these leakages and intermediary transactions.

TEXAS A&M ATHLETICS IMPACTS BY INDUSTRY (JOBS SUPPORTED)

ACCOMMODATION & FOOD SERVICES

597

RETAIL TRADE

371

CONSTRUCTION

333

ARTS, ENTERTAINMENT, & RECREATION

120

PROFESSIONAL & TECHNICAL SERVICES

112

activities of Texas A&M Athletics and its visitors. In addition, the \$128.8 million, or 3,197 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Texas A&M Athletics and its visitors' spending in the Accommodation & Food Services industry sector supported 597 jobs in FY 2018-19. These are impacts that would not have been generated without the department's presence in Brazos County.

TAXPAYER BENEFITS ANALYSIS

As Texas A&M Athletics pays its employees, it increases the labor income in the state. When Texas A&M Athletics spends money, it grows the state economy. By spending money on state businesses, the department helps make the businesses more profitable, increasing the non-labor income in Texas. In addition, as out-of-state visitors spend money on businesses in Texas, they also increase the business profits, or non-labor income, in the state. Labor income and non-labor income, in turn, increase tax revenues since state and local government can apply tax rates to spending, properties, and business profits. Summing the state and local tax revenues from the department's spending and its visitors, the added tax revenues generated in the state in FY 2018-19 is \$3.3 million.

Narrowing the focus down to the local taxpayers of Brazos County, local taxpayers received \$3.0 million in added tax revenues from the spending of Texas A&M Athletics and its visitors in FY 2018-19.

CONCLUSION

The results of this study demonstrate that Texas A&M Athletics creates value from multiple perspectives. The department benefits county businesses by increasing consumer spending in the county from its own

IN FY 2018-19, TEXAS A&M ATHLETICS ADDED \$3.0 MILLION IN TAX REVENUES TO BRAZOS COUNTY AND \$3.3 MILLION TO THE STATE AND LOCAL TAXPAYERS OF TEXAS.

THE RESULTS OF THIS STUDY DEMONSTRATE THAT TEXAS A&M ATHLETICS CREATES VALUE FOR BOTH THE BRAZOS COUNTY ECONOMY AND STATE AND LOCAL TAXPAYERS.

operations and construction spending, as well as the spending from its visitors. The department also benefits state and local taxpayers through increased tax receipts.

ABOUT THE STUDY

Data and assumptions used in the study are based on several sources, including the FY 2018-19 financial and visitor reports from Texas A&M Athletics, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, and outputs of Emsi's Multi-Regional Social Accounting Matrix model. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact. For a full description of the data and approach used in the study, please contact the department for a copy of the main report.

Emsi, working with Texas A&M University's Office of Public Partnership and Outreach, has also created reports that show the economic impact of Texas A&M University on the state and region, including separate reports for the Galveston campus and the Texas A&M University Health Science Center. These may be accessed at ppo.tamu.edu.

ABOUT EMSI

Emsi is a labor market analytics firm that integrates data from a wide variety of sources to serve professionals in higher education, economic development, workforce development, talent acquisition, and site selection. Emsi is a leading provider of economic impact studies and labor market data to educational institutions in the U.S. and internationally. Since 2000, Emsi has completed over 2,000 economic impact studies for institutions across three countries. For more information about Emsi's products and services, visit <http://www.economicmodeling.com>.