



# The Economic Value to Galveston County of Texas A&M University's Galveston Campus

*Fiscal year of analysis 2021-22*



**T**EXAS A&M UNIVERSITY'S GALVESTON CAMPUS (Texas A&M at Galveston) creates value in many ways. The university plays a key role in helping students increase their employability and achieve their individual potential. The university facilitates new research developments and draws students and visitors to the county, generating new dollars and opportunities for Galveston County. Texas A&M at Galveston provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Texas A&M at Galveston is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

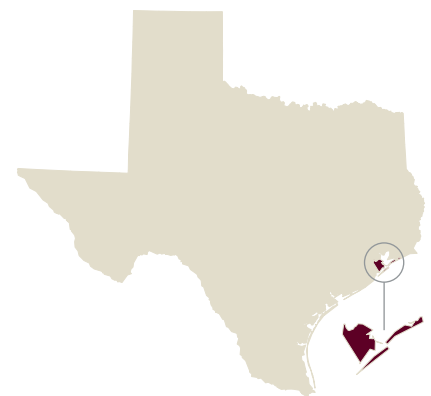
Texas A&M at Galveston influences both the lives of its students and the county economy. The university supports a variety of industries in Galveston County, serves county businesses, and benefits society as a whole in Texas from an expanded economy and improved quality of life. Additionally, the benefits created by Texas A&M at Galveston extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Texas A&M at Galveston on the business community and the benefits the university generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the university, for fiscal year (FY) 2021-22 (September 1, 2021, to August 31, 2022). Impacts on the Galveston County economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Texas are reported under the investment analysis. An electronic version of the executive summary and fact sheet are available at [economicimpact.tamu.edu](http://economicimpact.tamu.edu).



Galveston County, Texas

Texas A&M at Galveston influences both the **lives of its students** and the **county economy**.



Texas A&M at Galveston promotes economic growth in Galveston County through its direct expenditures and the resulting expenditures of students, visitors, and county businesses. The university serves as an employer and buyer of goods and services for its day-to-day, research and construction operations. The university's reputation and activities attract visitors and students from outside Galveston County, whose expenditures benefit county vendors. In addition, Texas A&M at Galveston is one of the primary sources of higher education to Galveston County residents and a supplier of trained workers to county industries, enhancing overall productivity in the county workforce.

## Operations spending impact



Texas A&M at Galveston adds economic value to Galveston County as an employer of county residents and a large-scale buyer of goods and services.


In FY 2021-22, the university employed 623 full-time and part-time faculty and staff (excluding research employees), 51% of whom lived in Galveston County. Total payroll at Texas A&M at Galveston was \$28.6 million (excluding payroll from research employees), much of which was spent in the county for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the university spent \$55.9 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).

Texas A&M at Galveston's day-to-day operations spending added \$36 million in income to the county during the analysis year. This figure represents the university's payroll, the multiplier effects generated by the in-county spending of the university




and its employees, and a downward adjustment to account for funding that the university received from county sources. The \$36 million in added income is equivalent to supporting 682 jobs in the county.


## Research spending impact

 Research activities impact the economy by employing people and requiring the purchase of equipment and other supplies and services. In FY 2021-22, Texas A&M at Galveston spent \$3.8 million on payroll to support research activities. This, along with \$4.8 million in other research spending,<sup>1</sup> created a net total of \$7.4 million in added income for the county economy. This added income is equivalent to supporting 135 jobs.


## Construction spending impact

 Texas A&M at Galveston invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. 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 2021-22, Texas A&M at Galveston's construction spending generated \$2.8 million in added income, which is equivalent to supporting 36 jobs.

## Student spending impact

 Around 74% of students attending Texas A&M at Galveston originated from outside the county in FY 2021-22, and most of these students relocated to Galveston County to attend Texas A&M at Galveston. These students may not have come to the county if the university did not exist. In addition, some in-county students, referred to as retained students, would have left Galveston County if not for the existence of Texas A&M at Galveston. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$8.7 million in added income for the county economy in FY 2021-22, which supported 173 jobs in Galveston County.

## Visitor spending impact

 Thousands of visitors from outside the county were attracted to Texas A&M at Galveston during the analysis year to attend commencement, sports events, and other activities sponsored by the university. The visitors stayed an average of three nights in Galveston County. While in the county, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the university's out-of-county visitors generated a net impact of \$4 million in added income for the county economy in FY 2021-22. This \$4 million in added income is equivalent to supporting 80 jobs.

### Impacts created by Texas A&M at Galveston in FY 2021-22



Operations spending impact

**\$36.0 million**

+



Research spending impact

**\$7.4 million**

+



Construction spending impact

**\$2.8 million**

+



Student spending impact

**\$8.7 million**

+



Visitor spending impact

**\$4.0 million**



Total income

**\$58.8 million**

OR

Total jobs supported

**1,105**

+



Former student impact

**\$28.2 million**



Grand total income

**\$87 million**

OR

Grand total jobs supported

**1,399**

<sup>1</sup> Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.



## Total Texas A&M at Galveston impact on the Galveston County economy



The total economic impact of Texas A&M at Galveston impact on the Galveston County economy amounted to \$58.8 million in added income. This stems from the university's spending on operations, research, and construction, along with the spending of its students and visitors. This \$58.8 million in added income is equivalent to supporting 1,105 jobs.

### Former student impact



The education and training Texas A&M at Galveston provides for county residents has the greatest impact. Since the establishment of the university, students have studied at Texas A&M at Galveston and entered the county workforce with greater knowledge and new skills. Today, thousands of former Texas A&M at Galveston students are employed in Galveston County. As a result of their education from Texas A&M at Galveston, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, Texas A&M at Galveston former students generated \$28.2 million in added income for the county economy, which is equivalent to supporting 294 jobs.

### Grand total impact on the Galveston County economy



Texas A&M at Galveston added \$87 million in income to the Galveston County economy during the analysis year, equal to the sum of the operations, research, and construction spending impacts; the visitor and student spending impacts; and the former student impact. For context, the \$87 million impact was equal to approximately 0.5% of the total gross regional product (GRP) of Galveston County. This contribution that the university provided on its own nearly half as large as the entire Utilities industry in the county.

Texas A&M at Galveston's total impact can also be expressed in terms of jobs supported. The \$87 million impact supported 1,399 county jobs, using the jobs-to-sales ratios specific to each industry in the county. In addition, the \$87 million, or 1,399 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of Texas A&M at Galveston and its former students in the Professional & Technical Services industry sector supported 58 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in Galveston County.

Texas A&M at Galveston impacts by industry (jobs supported)



# Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here evaluates Texas A&M at Galveston as an investment from the perspectives of students, taxpayers, and society in Texas.

## Student perspective



In FY 2021-22, Texas A&M at Galveston served 2,279 students. In order to attend the university, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Texas A&M at Galveston's students in FY 2021-22 amounted to a present value of \$53.3 million, equal to \$27.9 million in out-of-pocket expenses (including future principal and interest on student loans) and \$25.4 million in forgone time and money.

In return for their investment, Texas A&M at Galveston's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Texas A&M at Galveston bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$34,100 higher than a person with a high school diploma or equivalent working in Texas. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$1.5 million in higher earnings per graduate. The present value of the cumulative higher future earnings that Texas A&M at Galveston's FY 2021-22 students will receive over their working careers is \$240 million.

The students' benefit-cost ratio is 4.5. In other words, for every dollar students invest in Texas A&M at Galveston in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.50 in higher future earnings.

### Students see a high rate of return for their investment in Texas A&M at Galveston



Average annual return for Texas A&M at Galveston students  
**13.9%**



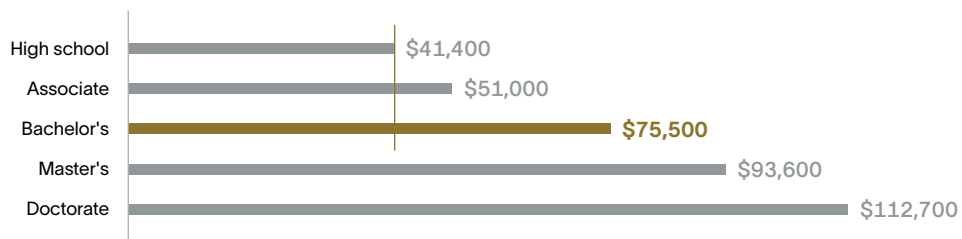
Stock market 30-year average annual return  
**10.5%**



Interest earned on savings account (National Rate Cap)  
**0.8%**

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

The average bachelor's degree graduate from Texas A&M at Galveston will see an increase in earnings of **\$34,100** each year compared to a person with a high school diploma or equivalent working in Texas.



Source: Lightcast employment data.

Annually, the students' investment in Texas A&M at Galveston has an average annual internal rate of return of 13.9%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5%.

## Taxpayer perspective



Texas A&M at Galveston generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As Texas A&M at Galveston students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2021-22 students' working lives, the state and local government will have collected a present value of \$78.2 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Texas A&M at Galveston students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that Texas A&M at Galveston students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. Texas A&M at Galveston students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact Texas A&M Public Partnership and Outreach for a copy of the main report. Altogether, the present value of the benefits associated with an education from Texas A&M at Galveston will generate \$14.2 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$92.4 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$28.7 million, equal to the amount of state and local government funding Texas A&M at Galveston received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 3.2. This means that for every dollar of public money invested in Texas A&M at Galveston in FY 2021-22, taxpayers will receive a cumulative present value of \$3.20 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 5.7%, which compares favorably to other long-term investments in the public and private sectors.

For every dollar of public money invested in Texas A&M at Galveston, taxpayers will receive a cumulative value of **\$3.20** over the course of the students' working lives.

## Social perspective



Society as a whole in Texas benefits from the presence of Texas A&M at Galveston in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Texas.

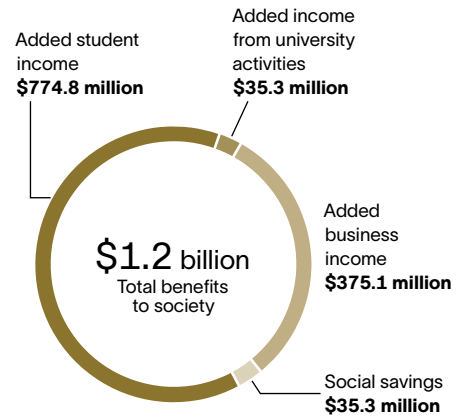


Benefits to society also consist of the savings generated by the improved lifestyles of Texas A&M at Galveston students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact Texas A&M Public Partnership and Outreach for a copy of the main report.

Altogether, the social benefits of Texas A&M at Galveston equal a present value of \$1.2 billion. These benefits include \$774.8 million in added student income, \$375.1 million in added business income, \$35.3 million in added income from university activities, as well as \$35.3 million in social savings related to health, the justice system, and income assistance in Texas. People in Texas invested a present value total of \$128.7 million in Texas A&M at Galveston in FY 2021-22. The cost includes all the university and student costs.

The benefit-cost ratio for society is 9.5, equal to the \$1.2 billion in benefits divided by the \$128.7 million in costs. In other words, for every dollar invested in Texas A&M at Galveston, people in Texas will receive a cumulative value of \$9.50 in benefits. The benefits of this investment will occur for as long as Texas A&M at Galveston's FY 2021-22 students remain employed in the state workforce.


Social benefits in Texas from Texas A&M at Galveston



Source: Lightcast impact model.

## Summary of investment analysis results

The results of the analysis demonstrate that Texas A&M at Galveston is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from Texas A&M at Galveston. At the same time, taxpayers' investment in Texas A&M at Galveston returns more to government budgets than it costs and creates a wide range of social benefits throughout Texas.




**Student perspective**

Present value benefits  
**\$240.0 million**

Present value costs  
**\$53.3 million**

Net present value  
**\$186.8 million**

Benefit-cost ratio	Rate of return
4.5	13.9%




**Taxpayer perspective**

Present value benefits  
**\$92.4 million**

Present value costs  
**\$28.7 million**

Net present value  
**\$63.7 million**

Benefit-cost ratio	Rate of return
3.2	5.7%



**Social perspective**

Present value benefits  
**\$1.2 billion**

Present value costs  
**\$0.1 billion**

Net present value  
**\$1.1 billion**

Benefit-cost ratio	Rate of return
9.5	n/a*

\* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.



# Conclusion

The results of this study demonstrate that Texas A&M at Galveston creates value from multiple perspectives. The university benefits county businesses by increasing consumer spending in the county and supplying a steady flow of qualified, trained workers to the workforce. Texas A&M at Galveston enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Texas A&M at Galveston benefits society as a whole in Texas by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.



## About the study

Data and assumptions used in the study are based on several sources, including the FY 2021-22 academic and financial reports from Texas A&M at Galveston, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. Lightcast's methodology for this study adheres to the Association of American Universities (AAU) and the Association of Public and Land-grant Universities (APLU) guidelines. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact Texas A&M Public Partnership and Outreach for a copy of the main report.

The results of this study demonstrate that Texas A&M at Galveston creates value from **multiple perspectives**.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their former students' employment outcomes, and demonstrate their institution's economic impact on their region. Visit [lightcast.io/solutions/education](https://lightcast.io/solutions/education) to learn more or connect with us.