

# THE ECONOMIC VALUE TO BRAZOS VALLEY OF TEXAS A&M UNIVERSITY

Fiscal year of analysis 2019–2020

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*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](http://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 relocater students, moved to Brazos Valley. In addition, a number of students would have left the region if not for Texas A&M. These relocater and retained students spent money on groceries, transportation, rent, and so on at region businesses.
- The expenditures of relocater 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.

## IMPACTS CREATED BY TEXAS A&M AND ITS FORMER STUDENTS ON BRAZOS VALLEY IN FY 2019-20

Total Income	Jobs
OPERATIONS SPENDING IMPACT	
<b>\$864.9 MILLION</b>	<b>15,531</b>
RESEARCH SPENDING IMPACT	
<b>\$708.7 MILLION</b>	<b>13,577</b>
CONSTRUCTION SPENDING IMPACT	
<b>\$81.9 MILLION</b>	<b>1,368</b>
START-UP AND SPIN-OFF COMPANY IMPACT	
<b>\$81.4 MILLION</b>	<b>1,242</b>
STUDENT SPENDING IMPACT	
<b>\$361.7 MILLION</b>	<b>9,702</b>
VISITOR SPENDING IMPACT	
<b>\$218.6 MILLION</b>	<b>6,550</b>
TOTAL TEXAS A&M IMPACT	
<b>\$2.3 BILLION</b>	<b>47,970</b>
FORMER STUDENT IMPACT	
<b>\$218.7 MILLION</b>	<b>3,884</b>
GRAND TOTAL IMPACT	
<b>\$2.5 BILLION</b>	<b>51,854</b>

- 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%**.

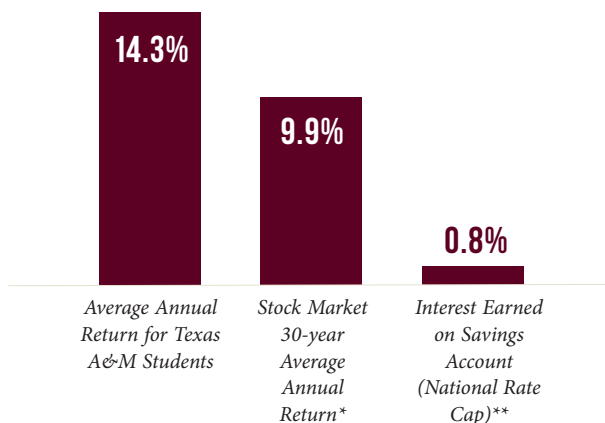
### TAXPAYER PERSPECTIVE

- 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



\*Forbes' S&P 500, 1989-2018.

\*\*FDIC.gov, 6-2019.

### FOR EVERY \$1 SPENT BY...

STUDENTS	<b>\$3.55</b> Gained in lifetime earnings for STUDENTS
TAXPAYERS	<b>\$2.01</b> Gained in added tax revenue and public sector savings for TAXPAYERS
SOCIETY	<b>\$4.80</b> Gained in added state revenue and social savings for SOCIETY