The Economic Value to Texas of Texas A&M University

Fiscal year (FY) of analysis 2021-22 compared to 2019-20

Differences in economic value results

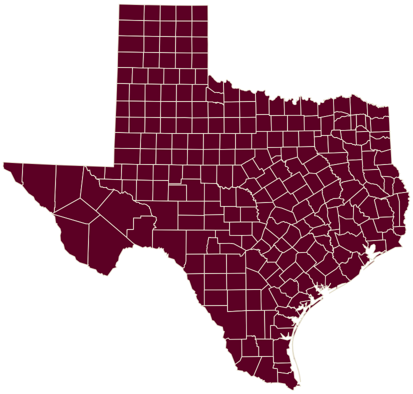
When comparing economic impact study results to previous years, especially when there are multiple years between studies, it is important to be aware of three major areas that can cause differences in results:

- **a change in university data**, either in the data itself or the systems from which it is collected
- **updates in data** Lightcast gathers from external sources, such as the Bureau of Labor Statistics, American Community Survey, or U.S. Census
- **updated methodology** as better practices and data become available

The differences in results are usually a product of changes in all three of these areas; however, some updates may have more of an effect than others.

Impact analysis results differences

The total economic impact from Texas A&M impact on Texas substantially increased from FY 2019-20 to FY 2021-22, with about two-thirds of this change attributed to former student impact, and the rest of the increase largely stemming from the operations spending and spin-off company impacts.



Texas

Operations spending impact

- The primary reason for the increased impact is the lower subtracted amount of opportunity costs (or the alternative use of the funds received) that decreased due to the lower share of operations expenditures covered by in-state funding, more specifically, the all other revenue received by Texas A&M. This means that the alternative impact that could have been created from the in-state sources decreased, ultimately increasing the impact attributable to Texas A&M.

Spin-off company impact

- The increase in this impact is mainly a result of the increase in the reported number of spin-off companies and their employees working in Texas, which is partly due to Texas A&M's ability to capture more comprehensive data on state spin-off companies than they had in previous years.

Former student impact

- The increase in the former student impact is mostly driven by the following two factors: (1) greater settlement rate for students remaining in Texas after leaving Texas A&M and (2) extended time horizon that includes all former students active in the state workforce who had not reached the retirement age by FY 2021-22. Previously, Lightcast capped the time horizon at 30 years due to data limitations.

Investment analysis results differences

The FY 2021-22 investment analysis results indicate higher than the FY 2019-20 returns to all Texas A&M's key stakeholders—students, taxpayers, and society. However, because the social perspective is a combination of student and taxpayer perspectives, it is not discussed separately below.

Student perspective

- The increased return on investment for students is caused by three factors: (1) the lower discount rate represented by the actual 10-year Treasury interest rate published by the Congressional Budget Office for Federal Student Loan Programs, increasing the present value of projected benefits for students; (2) increased average earnings in Texas; and (3) Lightcast now accounts for the higher earnings associated with professional graduates as opposed to just doctorate degree graduates.

Taxpayer perspective

- The returns to state taxpayers increased for two reasons: (1) the lower discount rate (the real Treasury interest rate reported by the Office of Management and Budget for long-term investments), which makes projected cash flows more favorable for investors; and (2) the increased total amount of projected taxes added to the state economy, primarily because of the greater operations spending impact generated by Texas A&M and the higher student earnings explained above.