

# FACT SHEET

*Demonstrating the Economic Value of Texas A&M University-Kingsville*

FEBRUARY 2015

*Texas A&M University-Kingsville (TAMUK) improves higher education delivery throughout the region and helps students increase their employability and potential. By facilitating new research and drawing students and visitors to the TAMUK Service Region, the university also generates new dollars and opportunities for the region. The purpose of this analysis is to assess the impact of TAMUK on the regional economy and the benefits generated for students, Texas as a whole, and taxpayers.*

*Our analysis shows that in FY13, the \$137.5 million in payroll and operations spending of TAMUK, together with the spending of its students, visitors, and former students, created **\$491.9 MILLION** in added regional income. This is equal to approximately **2.1%** of the total gross regional product (GRP) of the TAMUK Service Region, and is equivalent to creating **8,844** new jobs.*

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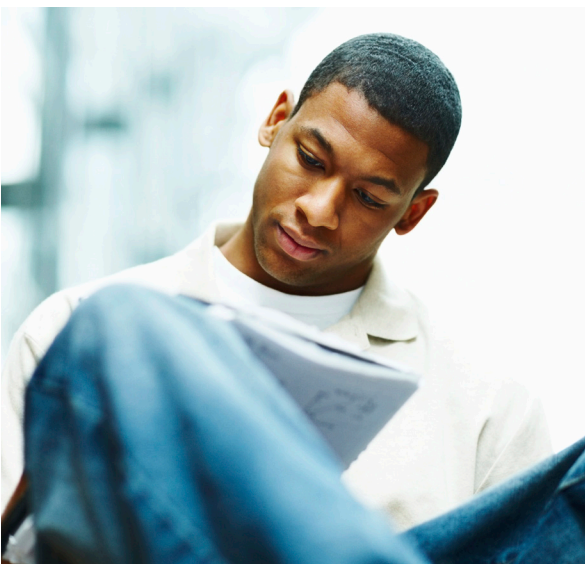
## IMPACT ON THE REGIONAL BUSINESS COMMUNITY

During the FY13 analysis year, TAMUK spent **\$69.2 MILLION** on payroll and benefits for **1,953** full-time and part-time employees, and spent another **\$68.3 MILLION** on goods and services to carry out its day-to-day operations and research. This initial round of spending creates more spending across other businesses throughout the regional economy, resulting in the commonly referred to multiplier effects. We estimate these multiplier effects in this study and report the additional economic activity that is created by the initial spending of TAMUK. Impacts are reported in terms of total income, which is analogous to gross regional product, and the corresponding number of jobs created.

Our estimated economic impacts are conservative in that we directly take into account the fact that state and local dollars spent on the university could have been spent elsewhere in the region if not directed toward TAMUK, and thus would have created some economic impacts regardless. We account for these alternative uses of funds directly in our analysis by (i) assuming that if funds were not directed toward TAMUK, they would have been returned to the taxpayer and generated economic impacts through household spending on goods and services, and (ii) subtracting the estimated economic impacts generated by this alternative use of funds from the estimated economic impacts of TAMUK. Thus, we report a net impact of TAMUK that is above and beyond what would have occurred had the funds been returned to the taxpayer.

**IMPACTS CREATED BY TAMUK IN  
FY13**

INCOME	JOBS
<b>\$91.5 MILLION</b>	<b>2,147</b>
Operations spending impact	
<b>\$13.3 MILLION</b>	<b>334</b>
Research spending impact	
<b>\$25.6 MILLION</b>	<b>457</b>
Student spending impact	
<b>\$998.3 THOUSAND</b>	<b>25</b>
Visitor spending impact	
<b>\$360.5 MILLION</b>	<b>5,881</b>
Human capital impact	
<b>\$491.9 MILLION</b>	<b>8,844</b>
Total impact	



These economic impacts break down as follows:

*Operations spending impact*

- Payroll and non-pay expenditures to support day-to-day operations (less research) of TAMUK amounted to **\$61.4 MILLION** and **\$59.4 MILLION**, respectively. The net impact of the university’s operations spending in the TAMUK Service Region during the analysis year was approximately **\$91.5 MILLION** in added regional income, which is equivalent to creating **2,147** jobs.

*Research spending impact*

- Research activities of TAMUK impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation throughout the TAMUK Service Region. In FY13, TAMUK spent **\$7.8 MILLION** on payroll to support research activities.
- Research spending of TAMUK generates **\$13.3 MILLION** in added regional income for the TAMUK Service Region economy, which is equivalent to creating **334** new jobs.

*Student spending impact*

- Around **57%** of graduate and undergraduate students attending TAMUK originated from outside the region. Some of these students relocated to the TAMUK Service Region and spent money on groceries, transportation, rent, and so on at TAMUK Service Region businesses. Their expenditures during the analysis year added approximately **\$25.6 MILLION** in regional income to the TAMUK Service Region economy, which is equivalent to creating **457** new jobs.

*Visitor spending impact*

- Out-of-region visitors attracted to the TAMUK Service Region for activities at TAMUK brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses. Visitor spending added approximately **\$998,300** in regional income to the TAMUK Service Region economy, which is equivalent to creating **25** new jobs.

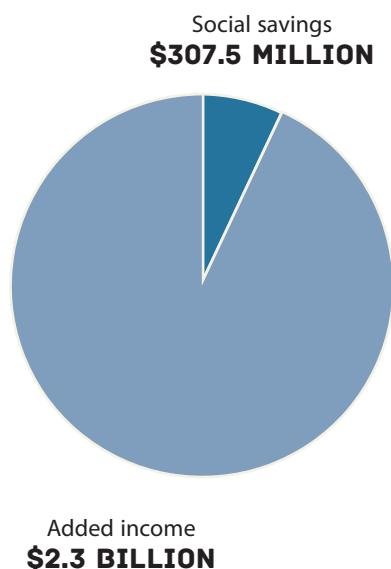
*Human capital impact*

- Over the years, students gained new skills, making them more productive workers, by studying at TAMUK. Today, thousands of these former students are employed in the region.
- The accumulated contribution of former students of TAMUK currently employed in the regional workforce amounted to

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

<b>STUDENTS</b>	<p><b>\$3.70</b></p> <p>Gained in lifetime income for STUDENTS</p>
<b>SOCIETY</b>	<p><b>\$10.50</b></p> <p>Gained in added state income and social savings for SOCIETY</p>
<b>TAXPAYERS</b>	<p><b>\$4.50</b></p> <p>Gained in added taxes and public sector savings for TAXPAYERS</p>

## PRESENT VALUE OF ADDED INCOME AND SOCIAL SAVINGS IN TEXAS



**\$360.5 MILLION** in added regional income for the TAMUK Service Region economy, which is equivalent to creating **5,881** new jobs.

## RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

### *Student perspective*

- Students attending TAMUK during FY13 paid a total of **\$42.2 MILLION** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$99.8 MILLION** in money that they would have earned had they been working instead of learning.
- In return for the money students invest to earn their degrees, they will receive a present value of **\$521 MILLION** in estimated increased earnings over their working lives.
- This translates to a return of **\$3.70** in higher future income for every \$1 that students invest in their education from TAMUK. The average annual rate of return for students is **14.7%**.

### *Societal perspective*

- Texas as a whole will receive a present value of **\$2.3 BILLION** in added state income over the course of the students' working lives. Communities will also benefit from **\$307.5 MILLION** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on educations at TAMUK during the analysis year, Texas communities will receive a cumulative value of **\$10.50** in benefits, for as long as the FY13 students of TAMUK remain active in the state workforce.

### *Taxpayer perspective*

- In FY13, state taxpayers in Texas invested **\$44.6 MILLION** to support the operations of TAMUK. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$151.3 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$50.2 MILLION** in benefits due to a reduced demand for government-funded services in Texas.
- Dividing benefits to taxpayers by the associated costs yields a **4.5** benefit-cost ratio, i.e., every \$1 in costs returns \$4.50 in benefits. The average annual rate of return for taxpayers is **14.4%**.