

FACT SHEET

Demonstrating the Economic Value of West Texas A&M University

FEBRUARY 2015

West Texas A&M University (WTAMU) 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 Texas Panhandle, the university also generates new dollars and opportunities for the region. The purpose of this analysis is to assess the impact of WTAMU on the regional economy and the benefits generated for students, Texas as a whole, and taxpayers.

*Our analysis shows that in FY13, the \$129 million in payroll and operations spending of WTAMU, together with the spending of its students, visitors, and former students, created **\$432.2 MILLION** in added regional income. This is equal to approximately **2.2%** of the total gross regional product (GRP) of the Texas Panhandle, and is equivalent to creating **7,127** new jobs.*

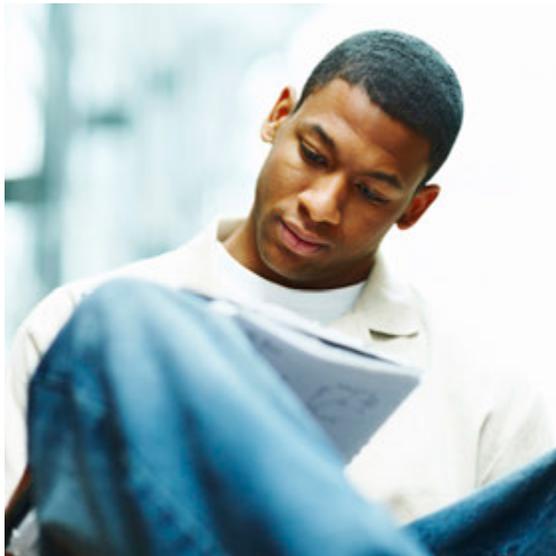
IMPACT ON THE REGIONAL BUSINESS COMMUNITY

During the FY13 analysis year, WTAMU spent **\$57.8 MILLION** on payroll and benefits for **824** full-time and part-time employees, and spent another **\$71.1 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 WTAMU. 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 WTAMU, 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 WTAMU, 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 WTAMU. Thus, we report a net impact of WTAMU that is above and beyond what would have occurred had the funds been returned to the taxpayer.

IMPACTS CREATED BY WTAMU IN FY13

INCOME	JOBS
\$83.9 MILLION	1,206
Operations spending impact	
\$4.1 MILLION	69
Research spending impact	
\$5.8 MILLION	134
Student spending impact	
\$691.4 THOUSAND	21
Visitor spending impact	
\$337.7 MILLION	5,697
Human capital impact	
\$432.2 MILLION	7,127
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 WTAMU amounted to **\$55.2 MILLION** and **\$68.6 MILLION**, respectively. The net impact of the university's operations spending in the Texas Panhandle during the analysis year was approximately **\$83.9 MILLION** in added regional income, equivalent to creating **1,206** jobs.

Research spending impact

- Research activities of WTAMU impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation throughout the Texas Panhandle through inventions, patent applications, and licenses. In FY13, WTAMU spent **\$2.6 MILLION** on payroll to support research activities.
- Research spending of WTAMU generates **\$4.1 MILLION** in added regional income for the Texas Panhandle economy, which is equivalent to creating **69** new jobs.

Student spending impact

- Around **28%** of graduate and undergraduate students attending WTAMU originated from outside the region. Some of these students relocated to the Texas Panhandle and spent money on groceries, transportation, rent, and so on at Texas Panhandle businesses. Their expenditures during the analysis year added approximately **\$5.8 MILLION** in regional income to the Texas Panhandle economy, equivalent to creating **134** new jobs.

Visitor spending impact

- Out-of-region visitors attracted to the Texas Panhandle for activities at WTAMU brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses. Visitor spending added approximately **\$691,400** in regional income to the Texas Panhandle economy, which is equivalent to creating **21** new jobs.

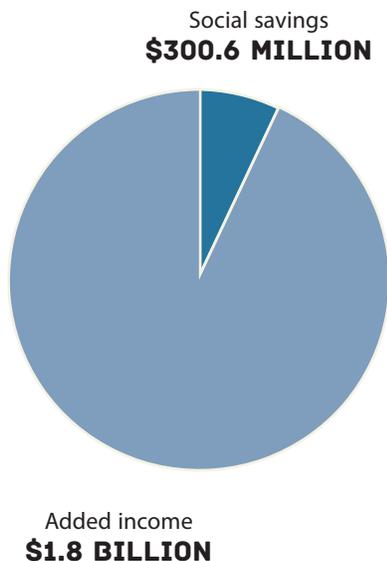
Human capital impact

- Over the years, students gained new skills, making them more productive workers, by studying at WTAMU. Today, thousands of these former students are employed in the Texas Panhandle.
- The accumulated contribution of former students of WTAMU currently employed in the regional workforce amounted to **\$337.7 MILLION** in added regional income for the Texas Panhandle economy, equivalent to creating **5,697** new jobs.

FOR EVERY \$1 SPENT BY...

STUDENTS	<p>\$2.60 Gained in lifetime income for STUDENTS</p>
SOCIETY	<p>\$7.20 Gained in added state income and social savings for SOCIETY</p>
TAXPAYERS	<p>\$4.00 Gained in added taxes and public sector savings for TAXPAYERS</p>

PRESENT VALUE OF ADDED INCOME AND SOCIAL SAVINGS IN TEXAS



RETURN ON INVESTMENT TO STUDENTS, SOCIETY, AND TAXPAYERS

Student perspective

- Students attending WTAMU during FY13 paid a total of **\$45.7 MILLION** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$154 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 **\$517.1 MILLION** in estimated increased earnings over their working lives.
- This translates to a return of **\$2.60** in higher future income for every \$1 that students invest in their education from WTAMU. The average annual rate of return for students is **11.5%**.

Societal perspective

- Texas as a whole will receive a present value of **\$1.8 BILLION** in added state income over the course of the students' working lives. Communities will also benefit from **\$300.6 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 WTAMU during the analysis year, Texas communities will receive a cumulative value of **\$7.20** in benefits, for as long as the FY13 students of WTAMU remain active in the state workforce.

Taxpayer perspective

- In FY13, state taxpayers in Texas invested **\$41.2 MILLION** to support the operations of WTAMU. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$117.9 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$47.4 MILLION** in benefits due to a reduced demand for government-funded services in Texas.
- Dividing benefits to taxpayers by the associated costs yields a **4.0** benefit-cost ratio, i.e., every \$1 in costs returns \$4.00 in benefits. The average annual rate of return for taxpayers is **12.0%**.