

## OP-ED

# New report measures TAMIU's economic \$356M impact on the Webb County economy

Universities are vital to their communities, impacting local, regional, and state economies. Texas A&M International University (TAMIU) produces value in many ways: it plays a crucial role in helping students increase their employability and achieve their potential, facilitates new research and innovation development generating new opportunities for the region, and equips students with the education, training, and skills they need for successful and thriving careers.

At the TAMIU Texas Center for Border Economic and Enterprise Development (TCBEED), we recently produced an Economic Impact Analysis (EIA) report to calculate and evaluate TAMIU's economic impact on the Webb County economy.

## What the study examined

This economic impact study calculates the contribution of TAMIU to the Webb County economy. The primary tool used for this study was the IMPLAN Input/ Output (I-O) model and dataset. IMPLAN is an economic (I-O) impact assessment software system. It integrates comprehensive databases regarding economic factors, multipliers, and demographic statistics with a highly advanced and precise modeling software system.

Our analysis aims to provide a complete and credible assessment of the economic impact of Webb County's largest higher education provider. For this, we used Fiscal Year 2021 (FY21) institutional data and data gathered from the Texas Higher Education Coordination Board (THECB), the U.S. Census, and IMPLAN. The study calculates how spending by TAMIU, its employees, students, and alums contributes to the dynamism of Webb County. It analyzes how these expenditures produce an additional impact on the economy of Webb County.

We determined Webb County to be TAMIU's service region for this study. The Gross Regional Product (GRP) of Webb County is \$8.7 billion. For our report, we used GRP to measure the TAMIU's impact.

## TAMIU impacts economy, growth



**Daniel Covarrubias**

GUEST COLUMNIST

TAMIU produces several economic impacts on Webb County. The University draws in funds that would not have otherwise entered the Webb County economy, both

as an employer and consumer of products and services and through its regular operations and student spending. Additionally, it gives students the education, training, and tools they require to develop into productive citizens and invests in capital expenditures that strengthen the regional economy.

TAMIU promotes economic growth in Webb County through its direct expenditures and regional businesses' indirect expenditures. The University is an employer and consumer of goods and services for its day-to-day operations. TAMIU is a primary source of higher education for Webb County residents and a supplier of qualified employees to regional industries, improving overall productivity in the regional workforce.

The combination of indirect and induced impact is called the multiplier effect. TAMIU boosts the local economy through both direct and indirect outcomes. TAMIU faculty, staff, and administrative employees' income are utilized to buy local goods and services, creating a ripple effect throughout the region's economy.

## The student & employee multiplier effect

In FY21, payroll and benefits paid to employees and the operations spending of TAMIU generated \$155 million in added income to Webb County's economy: \$93 million in direct economic impact and \$62 million in indirect and induced economic effects. The \$155 million in added income is equivalent to supporting 1,969 jobs in the region and is approximately 2% of the total Gross Regional Product (GRP) of Webb County.

The University had 9,747 unduplicated students in FY21. 70% full-time students, with

*In FY21, payroll and benefits paid to employees and the operations spending of TAMIU generated \$155 million in added income ... The \$155 million in added income is equivalent to supporting 1,969 jobs in the region and is approximately 2% of the total Gross Regional Product (GRP) of Webb County.*

30% attending part-time. For our analysis and to calculate the economic impact that TAMIU students produce on the Webb County economy, we considered only full-time students (6,823) in our calculations.

We then made a reasonable assumption that in the absence of TAMIU, 35% of these students would have left Webb County in search of better higher education opportunities. We also account for 242 students that relocated to Webb County from foreign countries and other states because of TAMIU. Therefore, the money these 2,388 retained students and 242 relocated students spent on living costs is attributable to the University.

These students spent money at businesses in Webb County for groceries, transportation, and so on. Off-campus spending of these students produces \$8.1 million in off-campus sales for Webb County. The expenses of these students in Webb County added over \$7 million in income for the Webb County economy, equivalent to supporting 128 jobs.

## The university drives human capital, infrastructure

While TAMIU creates an economic impact through its operations, capital expenditures, and students, another significant economic impact originates from the added human capital — the knowledge, creativity, imagination, and entrepreneurship — found in the University's alumni.

TAMIU graduates gained experience, education, knowledge, skills, and abilities that increased their productivity and allowed them to command a higher salary in the workforce. TAMIU alumni generate economic impacts from their

wages and employer-added non-labor income. This impact is based on the number of students who have attended and graduated from TAMIU throughout its history. TAMIU alumni active in the Webb County workforce are estimated to sustain 4,083 jobs and \$188.2 million in added income for Webb County.

Since its inception, TAMIU has undertaken various capital expenditure projects to further enhance the University's infrastructure and continue developing its reputation as the region's leading higher education institution.

These impacts are considered short-term due to the one-time nature of such projects, but their economic impact is undeniable. We calculated capital expenditure impacts for our study based on TAMIU's 10-year capital spending average. TAMIU's construction spending average for the past 10 years is approximately \$3.5 million annually. The multiplier effect produced by these direct expenditures generates an output of \$5.3 million in added income in Webb County, equivalent to supporting 45 jobs.

## The total TAMIU picture

The total impact of TAMIU on the Webb County economy in FY21 was \$356 million. TAMIU's total added value is equivalent to 4.1 percent of Webb County's Gross Regional Product. The University's contribution ranks in the top 2% of Webb County's industry sectors. TAMIU's overall impact in Fiscal Year 2021 supported 6,224 jobs.

The results of this study illustrate how TAMIU creates a positive net impact on the regional economy. This is represented in two ways: first, by the University's multiplier

effect, and second, by the University's return on investment (ROI).

Multipliers are rates of change that illustrate how a given shift in a particular industry affects the general economy. TAMIU's total multiplier effect is 1.75, meaning that for every dollar invested in and by TAMIU, 75 additional cents are generated and added to the Webb County economy.

Regarding job creation, TAMIU's employment multiplier is 1.25, meaning that every TAMIU Direct Job supports 1.25 jobs in the total economy: the original job and 1/4 additional job. One out of every 65 jobs in Webb County is supported by TAMIU activities and its students. Ancillary impacts (alumni and capital expenditures) account for one of every 22 Webb County jobs.

Return on investment (ROI) is a performance calculation employed to evaluate the efficiency or profitability of an investment. For FY 2021, the State of Texas contributed \$44.1 million in State appropriations. Considering TAMIU produced \$162.1 million in total output from operations and student expenses, the ROI is 3.7. That ROI increases to 8.1 when considering the University's ancillary impacts.

## TAMIU's lasting impact

In closing, TAMIU generates value from various angles. The University helps local businesses by boosting regional expenditures and creating human capital as a consistent stream of highly skilled and trained graduates. It improves its students' quality of life by increasing lifetime earnings, enabling them to realize their full potential. Finally, TAMIU benefits society in Webb County by creating a more prosperous economy, and generating an improved lifestyle for its graduates.

It's a lasting impact that betters us all.

Please access the complete report by visiting [go.tamiau.edu/eia](http://go.tamiau.edu/eia)

*Dr. Daniel Covarrubias is the director of Texas A&M International University's Texas Center for Economic and Enterprise Development, housed in the A. R. Sanchez, Jr. School of Business.*