

The Economic Value to Texas of Texas State University

Texas State University (TXST) 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. Results of the analysis reflect fiscal year (FY) 2023-24.

Economic impact analysis

In FY 2023-24, TXST added **\$77 billion** in income to the Texas economy. Expressed in terms of jobs, TXST's impact supported **75,078 jobs**.

Operations spending impact

- TXST employed 3,793 full-time and part-time faculty and staff. Payroll amounted to \$400.1 million, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$232.5 million on its expenses related to facilities, supplies, and professional services.¹
- The net impact of the university's operations spending added **\$313.3 million** in income to the state economy in FY 2023-24.

Construction spending impact

- TXST invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of TXST's construction spending in FY 2023-24 was **\$95.0 million** in added income for Texas.

¹ Research employees and their payroll as well as non-pay expenses for research and construction are excluded from this impact as they are measured in the following impacts.



Research spending impact

- Research activities at TXST impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Texas through inventions, patent applications, and licenses. In FY 2023-24, TXST spent \$48.7 million on payroll and \$116.2 million on other expenses² to support research activities.
- TXST's research spending generated **\$171.6 million** in added income for the Texas economy in FY 2023-24.

Spin-off company impact

- TXST creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of spin-off companies created as a result of the university.
- In FY 2023-24, TXST's spin-off companies generated **\$210.6 million** in added income for the Texas economy.

Visitor spending impact

- Out-of-state visitors attracted to Texas for activities at TXST brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other businesses in the state.
- Visitor spending added approximately **\$4.2 million** in income to the Texas economy.

Student spending impact

- Around 5% of students attending TXST originated from outside the state. The majority of these students relocated to Texas. In addition, some in-state students, referred to as retained students, would have left Texas for other educational opportunities if not for TXST. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at businesses in the state.
- The expenditures of relocated and retained students in FY 2023-24 added **\$109.0 million** in income to the Texas economy.

Alumni impact

- Over the years, students have studied at TXST and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in Texas.
- According to Lightcast's Alumni Pathways data, many TXST alumni are employed in the regional workforce in industry sectors such as Professional & Technical Services; Health Care & Social Assistance; Manufacturing; and Government, Education, with their top occupations being managers (such as general, operations,

Impacts created by TXST in FY 2023-24



Operations spending impact
\$313.3 million

+



Construction spending impact
\$95.0 million

+



Research spending impact
\$171.6 million

+



Spin-off company impact
\$210.6 million

+



Visitor spending impact
\$4.2 million

+



Student spending impact
\$109.0 million

+



Alumni impact
\$6.8 billion



Total economic impact
\$7.7 billion

OR



Jobs supported
75,078

² Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.



marketing, and sales), chief executives, supervisors of administrative workers, software developers, and accountants and auditors.

- The net impact of TXST’s former students currently employed in the state workforce amounted to **\$6.8 billion** in added income in FY 2023-24.

Investment analysis

Student perspective

- TXST’s FY 2023-24 students paid a present value of **\$310.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$187.7 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of \$3.4 billion in increased earnings over their working lives. This translates to a return of **\$6.80** in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is **23.0%**.

Taxpayer perspective

- Taxpayers provided TXST with **\$251.2 million** of funding in FY 2023-24. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to **\$937.0 million**. A reduced demand for government-funded services in Texas will add another **\$205.4 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$1.1 billion**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in TXST, taxpayers will receive **\$4.50** in return over the course of students’ working lives. The average annual rate of return for taxpayers is **11.4%**.

Social perspective

- In FY 2023-24, Texas invested **\$1.2 billion** to support TXST. In turn, the Texas economy will grow by **\$19.8 billion** over the course of students’ working lives. Society will also benefit from **\$1.0 billion** of public and private sector savings.
- For every dollar invested in TXST in FY 2023-24, people in Texas will receive **\$17.40** in return, for as long as TXST’s FY 2023-24 students remain active in the state workforce.

Students see a high rate of return for their investment in TXST



Average annual return for TXST students
23.0%



Stock market 30-year average annual return
10.1%



Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes’ S&P 500, 1994-2023; FDIC.gov, March 2023

For every \$1 invested in TXST...



Students gain in lifetime earnings
\$6.80



Taxpayers gain in added tax revenue and public sector savings
\$4.50



Society gains in added income and social savings
\$17.40

