

**An Economic Impact Assessment of College Athletics at the University of Texas at Austin upon
the Austin Metropolitan Statistical Area: Selected Sports Teams and Events**

August 2008

(FINAL)

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About Sportsimpacts

Sportsimpacts is a sports consulting firm that specializes in conducting economic impact studies for pro and amateur sports. Sportsimpacts also conducts valuation analyses, market research and litigation support.

In recent years, Sportsimpacts conducted quantitative analysis for events such as Super Bowl XL (2006), the 2006 AT&T Cotton Bowl, the 2005 Major League Baseball All-Star Game, the 2005 NCAA Men's Final Four, the 2004 Ryder Cup, 2 studies for The Ohio State University athletics department, and over 20 separate studies at Division I NCAA Championship events.

In 2007, Sportsimpacts conducted studies for the State Fair of Texas and its related college football games, 3 separate studies for the FLW Outdoors Fishing Tour, and cultural studies for events in both Virginia Beach and Detroit such as the Patriotic Festival, International River Days, and Woodward Avenue Dream Cruise.

In 2008, Sportsimpacts has completed a study for the 2008 ATA World Taekwondo Championships in Little Rock, AR, and is working on a facility feasibility study for the city of Elgin, IL, a Chicago suburb.

In total, Sportsimpacts has conducted over 60 studies since October 2000.

Dr. Patrick Rishe is the Director of Sportsimpacts. In addition to these duties, he is:

- An associate professor of economics at Webster University in St. Louis, MO;
- The sports business writer for the St. Louis Sports Magazine; and
- Host of 'Sports Talk with The Good Doc' on LA Talk Radio.

Dr. Rishe has several academic publications, and is often used as a media reference on matters relating to the business of sports by local, regional, and national media alike. His perspectives on different aspects of sports business have been quoted by ESPN.com, Sports Business Journal, USA Today, and the Wall Street Journal.

EXECUTIVE SUMMARY

Sportsimpacts used information provided by the athletics department at the University of Texas at Austin in conjunction with past Sportsimpacts sports marketing research to ascertain the 2008-09 projected gross economic impact of several sports/events upon the Austin Metropolitan Statistical Area (MSA).

The major findings to be reported are as follows:

- There are 5 teams/events that annually generate a significant degree of economic impact for the Austin MSA;
 - o Football, Men's Basketball, Baseball, Women's Basketball, and the Texas Relays.

- The projected aggregate gross economic impact of these 5 annual teams/events upon the Austin MSA in 2008-09 will be approximately \$118.7 million, of which:
 - o \$82.8 million accrues to local households;
 - o \$11.2 million accrues as new tax revenue for the Austin MSA;
 - o \$24.7 million accrues as local corporate/business/rental income.

- How do we obtain a gross economic impact of \$118.7 million?
 - o The projected aggregate injection of non-local money is \$113.0 million (i.e. the gross direct impact upon local spending);
 - o After accounting for local multipliers, the gross total impact on spending is \$173.0 million;
 - o But then we must account for the 'leakages' that occur;
 - After accounting for 'leakages', the total impact upon local income within the Austin MSA is \$118.7 million.

- Leakages occur primarily for two reasons;
 - Some of the firms most directly impacted by visitor spending (e.g. hotels, restaurants, retailers) are often not headquartered in the host community, so some of those profits leak out of the community and back to corporate headquarters;
 - And other local firms that were impacted by visitor spending may rely on ‘out-of-region’ suppliers for parts, resources, etc...and so use a portion of their new income to ‘pay off’ out of town suppliers.

- If we break the \$118.7 million down by sport/event, then we would conclude that:
 - \$99.3 million comes from football;
 - \$9.3 million comes from men’s basketball;
 - \$5.0 million comes from baseball;
 - \$1.9 million comes from women’s basketball;
 - \$3.2 million comes from the Texas Relays.
 - Note that of all the impact estimates, The Texas Relays calculations were based on more assumptions due to a lack of information, and as such, it is strongly suggested that on-site research be conducted for this event in the near future in order to gain greater clarity of the economic impact of that event.

- The projected aggregate gross increase in local income attributable solely to the local lodging industry for the Austin MSA as a result of these 5 sports/events in 2008-09 will be approximately \$11.3 million...broken down by sport/event:
 - \$7.53 million comes from football;
 - \$1.63 million comes from men’s basketball;
 - \$1.17 million comes from baseball;
 - \$396,000 comes from women’s basketball;
 - \$592,000 comes from the Texas Relays.

- Separately, in looking at the impact of a singular event such as the 2005 Austin Regional in conjunction with the NCAA Men's Basketball Tournament:
 - o The projected gross economic impact of that event upon the Austin MSA was approximately \$3.4 million;
 - \$2.2 million accrued to local households;
 - \$390,000 accrued as new tax revenue for the Austin MSA;
 - \$787,000 will accrue as local corporate/business/rental income.

The table below summarizes the various impacts by team/event. Note that:

- the impact on income is the fraction of new spending that is retained locally, and;
- the collective impacts on household, corporate, and tax income comprise the total impact on income.

2008-09 PROJECTED GROSS ECONOMIC IMPACT - AUSTIN MSA (in millions)							
(in millions)	2008 Football	2008-09 MBB	2008 Baseball	2008-09 WBB	2008 Texas Relays	Total	2005 Men's Regional
Impact Upon:							
Spending	\$142.30	\$14.47	\$8.06	\$3.05	\$5.15	\$173.03	\$5.60
Income	\$99.30	\$9.30	\$5.02	\$1.93	\$3.16	\$118.71	\$3.37
Household Income	\$70.24	\$6.16	\$3.26	\$1.21	\$1.94	\$82.81	\$2.19
Local Tax Revenue	\$9.07	\$1.000	\$0.550	\$0.229	\$0.394	\$11.24	\$0.390
Corporate Income	\$20.04	\$2.130	\$1.210	\$0.488	\$0.830	\$24.70	\$0.787
2008-09 PROJECTED GROSS ECONOMIC IMPACT - AUSTIN LODGING INDUSTRY (in millions)							
(in millions)	2008 Football	2008-09 MBB	2008 Baseball	2008-09 WBB	2008 Texas Relays	Total	2005 Men's Regional
Impact Upon:							
Spending	\$11.72	\$2.53	\$1.82	\$0.616	\$0.921	\$17.61	\$1.64
Income	\$7.53	\$1.63	\$1.17	\$0.396	\$0.592	\$11.32	\$1.05
Household Income	\$4.26	\$0.922	\$0.664	\$0.224	\$0.335	\$6.41	\$0.595
Local Tax Revenue	\$1.10	\$0.238	\$0.171	\$0.0579	\$0.0866	\$1.65	\$0.154
Corporate Income	\$2.17	\$0.469	\$0.337	\$0.114	\$0.170	\$3.26	\$0.303

As it relates to UT football:

- A 2001 study reported the impact on *local spending* to be \$89 million;
 - o However, that study did not report the impact on *local income*;
 - The science and theoretical understanding of economic impact studies has evolved since the time of the 2001 study;
 - That said, economic impact practioners and professional/academic economists today universally acknowledge that the impact on local income is a superior measure of long-term economic impact than is the impact on local spending;
- Sportsimpacts addresses this matter herein so as to create a better comparison between the 2001 study and the 2008 study, and the results of this comparison can be seen in the table below:

Comparison with the 2001 Angelou Study (in millions)			
Year:	2008 Football	2001 Football	2001 Football
Source:	Sportsimpacts	Angelou	Angelou
Measured In:	<u>2008 dollars</u>	<u>2001 dollars</u>	<u>2008 dollars</u>
Spending	\$142.30	\$88.95	\$104.07
Income	\$99.30	\$62.07	\$72.62
Household Income	\$70.20	\$43.88	\$51.34
Local Tax Revenue	\$9.07	\$5.67	\$6.63
Corporate Income	\$20.04	\$12.53	\$14.66

From this, we can conclude the following:

- For the 2001 season, the impact on local income was approximately \$62.1 million;
 - o Adjusting for inflation, in 2008 dollars this would translate into \$72.6 million;
- Hence, the projected economic impact of UT football for the 2008 season is approximately \$27 million larger than it was in 2001 after adjusting for inflation;
 - o This is partly due to the increased capacity of the football stadium, as well as a higher level of non-local alumni donations.
 - o It is not clear if the Angelou study also accounted for such things as alumni giving, non-local sponsorship and media rights revenues;
 - Failure to do so would also cause the Angelou estimates to be lower.
 - o A more detailed comparison of the 2 studies can be found in Appendix A on page 40.

I. Introduction

The University of Texas at Austin is home to one of the more prominent college athletic programs in the country. As such, the program – both in terms of its athletic teams and its facilities which play host to other sporting events – is prone to draw numerous visitors to the Austin region annually. In short, the sporting events associated with the Austin campus have a sizable impact on visitor and tourism activity within the Austin region.

The scope of this study is to project the size of economic impact for individual teams and sporting events that annually take place in Austin, as well as for past ‘stand alone’ events such as the 2005 NCAA Men’s Basketball Regionals.

Given that this study did not entail the collection of ‘on-site, event specific’ survey data, the veracity of the findings herein depend heavily upon the accuracy of the numbers provided to Sportsimpacts by the UT athletics department, as well as the legitimacy of the assumptions Sportsimpacts makes during the process of calculating economic impact. Though the assumptions made herein are all based on past market research findings from previous Sportsimpacts studies at similar/related events, it is strongly suggested that ‘on-site, event specific’ survey research take place in the future in order to enhance the veracity of the findings herein.

This report is organized as follows:

- Section II helps the reader obtain a better understanding of economic impact studies;
- Sections III – VII separately assess the economic impact of the following 5 annual sports/events: Football, Men’s Basketball, Baseball, Women’s Basketball, and The Texas Relays.
- Section VIII aggregates the impact projections for the 5 annual sports/events analyzed herein, and Section IX separately assesses the impact associated with the 2005 Austin Men’s Basketball Regional.
- Appendix A creates a comparison of the football impact estimates of the current study with a study published in 2002 by The Angelou Group;
- Appendix B offers comparative economic impact results from past Sportsimpacts studies.

II. Understanding Economic Impact

Understanding economic impact requires a discussion of:

- The terminology employed;
- The flow of money into and out of a community;
- The key ingredients needed to evaluate economic impact;
- The statistical tools used to generate the economic impact estimates.

A. Terminology

Many people loosely throw the term ‘economic impact’ around without really knowing what the term actually means. When this happens, people are prone to grossly exaggerate the economic impact of an event.

‘Economic impact’ of any event tracks the flow of non-local money into the local economy (i.e. the impact on local spending), and then tracks how much of that money is retained locally after the event (i.e. the impact on local income).

It is the impact on *local income* that is the best measure of the ‘gross economic impact’ of any event. Reporting the impact on *local spending* as ‘the’ economic impact of an event is akin to overstating the true long-term economic benefits associated with an event.

Since we try to track the flow of ‘non-local’ money into the ‘local’ region, we must define what geographic area constitutes the ‘local’ region.

For this study, the ‘local region’ is defined as the Austin Metropolitan Statistical Area (MSA), which is comprised of Caldwell, Bastrop, Hays, Travis, and Williamson Counties.

According to the most recently available information from IMPLAN (2006 data), the Austin MSA has these characteristics:

Austin MSA

2006

Population	1.5 million
Area	4,225 sq.mi.
Industries	371
Mean Income per HH	\$93,023
Total Personal Income	\$54.2 billion

The median household income in 2006 for the Austin MSA according to Census data was approximately \$70,000. Mean incomes will be larger than median incomes because the presence of extremely wealthy households in the community skew the mean above the median.

B. Tracking the Flow of Money

The key in identifying ‘economic impact’ is to trace the money that flows into the Austin MSA from outside the MSA, and then identify how much of that money actually stays within the Austin MSA after the event.

Note the key phrase ‘money that flows into the Austin MSA’. Hence, any spending by those that reside in the Austin MSA is excluded from economic impact consideration. The standard argument is that these ‘locals’ would have spent their money on something else in the Austin area had they not spent it on sports.

The outline below gives the reader a chance to appreciate the flow of money associated with events that attract non-local money to the community.

- Gross, Direct Impact on Spending;
 - The initial flow of non-local money that enters the local region;
 - Most direct beneficiaries in the case of Austin would be the athletic department itself, hotels, restaurants, and various retail and entertainment establishments.

- Gross, Total Impact on Spending;
 - The initial flow of money gets re-circulated within the local region through business-to-business and employee-to-business transactions, thereby increasing the total impact on local spending above and beyond the initial injection of non-local money.
 - This is what is referred to as the multiplier effect;
 - Erroneously, many unqualified and/or under-qualified persons that attempt to perform ‘economic impact analysis’ stop here and claim that this is the ‘economic impact’ of an event.

- Gross, Total Impact on Income;
 - A portion of the new spending that takes place is not retained locally;
 - The impact on local income = the impact on local spending – ‘leakage’;
 - Leakages occur primarily for two reasons;
 - Some of the firms most directly impacted by visitor spending (e.g. hotels, restaurants, retailers) are often not headquartered in the host community, so some of those profits leak out of the community and back to corporate headquarters;
 - And other local firms that were impacted by visitor spending may rely on ‘out-of-region’ suppliers for parts, resources, etc...and so use a portion of their new income to ‘pay off’ out of town suppliers.

In short, this explanation is provided so the reader:

- Has a full understanding of what is meant when the term ‘economic impact’ is used; and
- Has an appreciation for the flow of money into and out of a region.

C. Key Ingredients to Assess Economic Impact

To estimate the economic impact of an event, one needs the following information:

- Spending estimates by event attendees;
- An assessment of the average length of stay by fans;
- The number of unique, non-local event attendees;

- Adjustments for the number of ‘casual’ fans (which is based on the number of ‘primary’ fans);
- The number of visiting event participants;
- Any information regarding additional sources of non-local spending that flows into the local region (e.g. in the case of this study, NCAA or conference allocations from postseason competition and/or from TV appearances would be a good example);
- Economic impact multipliers for the defined impact area (in this case, for the Austin MSA).

If the nature of the current study was to conduct ‘on-site event specific’ survey research, then we would be able to obtain a good portion of this information from survey research. The rest of the information would come from the UT athletics department.

Since the nature of this study does not involve conducting this sort of on-survey research, then many of the items listed on the preceding page will be based on reasonable assumptions from past consumer research and economic impact studies conducted by Sportsimpacts, coupled with actual ticket sales and revenue information from the UT athletics department.

D. Empirical Methodology

Sportsimpacts uses Excel and IMPLAN in estimating economic impact. Excel allows for the estimation of gross, direct spending estimates. Subsequently, IMPLAN is employed in order to:

- Capture the multiplier effects which transform ‘direct spending’ to ‘total spending’;
- Correctly adjust for the degree of ‘leakage’ that takes place from the Austin MSA, which transforms ‘total spending’ into ‘total income’;
- Recall (from the preceding discussion) that the impact on total income (not total spending) is the BEST measure of the economic impact of any phenomenon.

IMPLAN is a software program produced by IMPLAN, Inc. of Stillwater, MN. IMPLAN multiplier data is also supplied by the same group, and the multipliers are updated every 1-2 years for maximum accuracy. The IMPLAN multiplier matrix reflects the interconnectedness of a community’s various industries with each other, and traces how money flows across businesses

within a community, how local employees spend their income, and how much income is retained from every dollar of new spending caused by non-local monetary inflows.

In short, IMPLAN allows one to estimate multiplier effects and monetary leakages, and this is necessary in order to transform the direct impact on local spending into the total impact on local income. Lastly, IMPLAN can create these estimates for both for the entire impact area at large (i.e. Austin MSA) and for specific industries within the impact area (e.g. lodging, dining, etc...).

III. University of Texas Football

The following data was provided by the UT athletics department from the 2007 season:

SPORT	# OF TICKETED EVENTS OR DAYS	TOTAL TICKETED ATTENDANCE	# OF SEASON TICKETS (PER EVENT)	KNOWN MSA TICKETS*	KNOWN OUTSIDE OF MSA TICKETS	APPROX. % OF TICKETS THAT INCLUDE ZIP CODE DATA
Football	6	480,000	69,000	173,000	222,000	82%

From this, we can surmise the following:

- Ticketed attendance = 80,000 per game
 - o Implying that roughly 86% of tickets sold (or 69,000 per game) belonged to season ticket holders;
 - o And thus, 14% of tickets sold (or 11,000 per game) were individual game tickets purchased in advance or through ‘walk up’ sales;
- Of the total ticketed attendance, we have zip code data for 393,600 persons;
 - o And of these persons:
 - 44% were from the Austin MSA;
 - 56% were from outside of the Austin MSA;
 - o Furthermore, it is assumed that the large majority of persons for whom zip code data is available are also season ticket holders;
 - As it is easier and functionally customary for an athletics department to keep accurate records of their season ticket fan base.

So the area of uncertainty here, as it relates to the correct percentage of ‘locals versus non-locals’, is the 11,000 fans per game for whom there was no zip code data available.

Since we’ve established that most of these people were likely ‘walk up’ fans, the question is ‘how to account for them’.

First, it is assumed that ‘walk up’ fans are likely to make their decision about ‘whether to attend’ a game closer to the actual date of the contest.

Though some of these tickets undoubtedly go to fans who are rooting for the opposing team that are not from the Austin MSA, it is likely that a majority of these tickets are being used by local residents that did not have season tickets and made ‘last-minute decisions’ to attend the game.

Further supporting the supposition above, it should be noted that the total cost of attending a sporting event (e.g. transportation, lodging, parking, time to travel, etc…) is less for local fans who do not incur most of these costs given their proximity to the event.

Lastly, it is much more likely for local fans that make a ‘last minute decision’ to attend a game to call upon ‘local connections’ in the hopes of landing a ticket.

All that said, it is assumed that 50-75% of the 11,000 fans per game without zip code data came from the Austin MSA. To simplify, we will pick the midpoint of this range at 62.5%.

Using all of this information, the following assumptions were made:

- 86% of fans are season ticket holders;
 - o Of which, 44% are from the Austin MSA;
- 14% of fans are buying individual games and/or ‘walk up’ sales;
 - o Of which, 62.5% are from the Austin MSA;

When you fuse these results together, you conclude that:

- 47% of ticketed fans were from the Austin MSA;
- 53% of ticketed fans were from outside of the Austin MSA.

Another aspect of conducting these studies is to assess what percentage of non-local event attendees are 'day commuters'. A 'day commuter' is someone that simply travels into Austin for the day from their home to watch the game.

Given the cost of lodging, it is quite common for event attendees to travel from their home to the game and back all in one day. This is a most common practice in pro and college football, when the games take place on weekends and it is easier for people to 'make a day of it' when they don't have to attend work the same day.

Consistent with this point, past market research conducted by Sportsimpacts at football events reveals a propensity of fans to 'day commute', even when fans live as far as 100-200 miles away from the site of the game.

That said, and based on past market research findings of regular season football contests, it is assumed herein that 40% of non-local event attendees are 'day-commuters', and thus, 60% of non-local event attendees are actually spending the night in the Austin MSA.

This discussion is significant because, based on past research, 'day commuters' will spend less money 'off-site' than event attendees that are in town overnight. As such, different assumptions about their spending patterns must be used.

According to sources at UT athletics, the capacity of the stadium in 2008 has been expanded to 93,000 seats. We will assume that UT will sellout all 7 games during the 2008 season.

Other key assumptions in the process of generating gross economic impact results from UT football upon the Austin MSA in 2008:

- Off-site (e.g. lodging, dining, retail, parking) and on-site (e.g. concessions, merchandise) spending estimates per day per travel party were based on past research conducted by Sportsimpacts at numerous other sporting events...and then augmented in particular using past events involving UT fans (e.g. 2003 Men's South Regional in San Antonio, 2004 and 2007 Red River Rivalry in Dallas);

- Based on data provided by UT athletics from the last 2 years, it is assumed that 1300 non-local media will visit the Austin MSA in conjunction with the 2008 football season;
- Based on past research and a basic understanding/awareness of football operations, it is assumed that during the course of a 7-game home season in 2008 that the Austin MSA will be host to:
 - o 800 team representatives (coaches, players, school administrators);
 - o 800 band members;
 - o 500 'others' (e.g. game officials, NCAA representatives and dignitaries, etc...)
- Using the season ticket price of \$385 found on the UT website as a guide and then largely omitting ticket purchases by 'locals', it is estimated that \$21.5 million in ticket revenue originates from outside of the Austin MSA;
 - o A small portion of ticket purchases by 'locals' is allowed to count towards economic impact to account for the 'blockage factor';
 - It is assumed that a small portion of local fans would spend their discretionary income currently allocated for UT football outside of the Austin MSA if UT football did not exist;
 - Perhaps to travel to other regional schools or cities to watch professional or college football, or for any other non-local purpose;
 - In this way, the existence of UT football is blocking local money from leaving the community.
- The athletic department at UT is forecasting football-related donations for 2008 at approximately \$27.8 million;
 - o If we assume that 56% of this money is coming from non-local sources (based on the afore-mentioned ticket data at the beginning of this section), and that 75% of their discretionary spending on donations would not have entered the Austin MSA had it not been for UT football, then we can surmise that non-local donations to the football program contribute another \$11.7 million in direct spending to the Austin MSA.
- The athletic department at UT reported that non-local sponsorship and media rights revenues have averaged around \$6 million the last two years.

With these assumptions and information in place, the empirical analysis yields the following results:

Gross Economic Impact Estimates - Texas Football			
		Direct	Total
<i>Impact Upon:</i>	(in millions)		
Spending		\$93.00	\$142.30
Income		\$69.40	\$99.30
	Household Income	\$54.20	\$70.20
	Local Tax Revenue	\$5.94	\$9.07
	Corporate Income	\$9.30	\$20.04

Based on this information:

- The projected gross economic impact of UT football upon the Austin MSA in 2008 is \$99.3 million;
 - o \$70.2 million will accrue to local households;
 - o \$9 million will accrue as new tax revenue for the Austin MSA;
 - o \$20 million will accrue as local corporate/business/rental income.

- How do we obtain a gross economic impact of \$99.3 million?
 - o The initial injection of non-local money is estimated to be \$93.0 million (i.e. the gross, direct impact upon local spending);
 - o After accounting for local multipliers, the gross, total impact on spending is \$142.3 million;
 - o But then we must account for the 'leakages' that occur;
 - Recall that 'leakage' is the difference between total spending – total income;
 - After accounting for 'leakages', the total impact upon local income within the Austin MSA is \$99.3 million.

Sportsimpacts was also asked to project how the local lodging industry is impacted by UT football in 2008.

Gross Economic Impact Estimates - Texas Football - LODGING ONLY			
		<u>Direct</u>	<u>Total</u>
<u>Impact Upon:</u>	(in millions)		
Spending		\$11.38	\$11.72
Income		\$7.31	\$7.53
	Household Income	\$4.14	\$4.26
	Local Tax Revenue	\$1.07	\$1.10
	Corporate Income	\$2.10	\$2.17

Based on this information:

- The gross economic impact of UT football *upon the lodging industry* within the Austin MSA in 2008 will be \$7.5 million;
 - o \$4.26 million will accrue to local households;
 - o \$1.1 million will accrue as new tax revenue for the Austin MSA;
 - o \$2.2 million will accrue as local corporate/business/rental income.

To review a detailed comparison between these findings and another study of UT football conducted by The Angelou Group in 2001, turn to Appendix A on page 38 of this report.

IV. University of Texas Men's Basketball

The following data was provided by the UT athletics department from the 2007 season:

SPORT	# OF TICKETED EVENTS OR DAYS	TOTAL TICKETED ATTENDANCE	# OF SEASON TICKETS (PER EVENT)	KNOWN MSA TICKETS*	KNOWN OUTSIDE OF MSA TICKETS	APPROX. % OF TICKETS THAT INCLUDE ZIP CODE DATA
Men's Basketball	18	252,000	8,500	162,000	43,000	81%

From this, we can surmise the following:

- Of the 205,000 tickets for which there is zip code data, 79% of those were purchased by people from the Austin MSA;
 - o Hence, 21% of those tickets were purchased by fans residing outside of the Austin MSA;
 - For simplicity, we will assume that '79% local and 21% non-local' is a fair representation of the entire season attendance of 252,000;
 - Thus, this implies 52,859 non-local basketball attendees.

Other key assumptions in the process of generating gross economic impact results for the UT men's basketball program upon the Austin MSA:

- Off-site (e.g. lodging, dining, retail, parking) and on-site (e.g. concessions, merchandise) spending estimates per day per travel party were based on past research conducted by Sportsimpacts at numerous other sporting events...and then augmented in particular using past events involving men's college basketball events (e.g. 2003 Men's South Regional and 2005 Men's Final Four).
- Based on those past studies, it is assumed that 540 non-local media visited the Austin MSA throughout the season in conjunction with UT baseball (i.e. 30 per game);
- Based on past research and a basic understanding/awareness of basketball operations, it is assumed that the Austin MSA played host to:
 - o 450 team representatives (coaches, players, cheerleaders, bands, etc...assumed 18 different teams with 25 reps per team);

- 400 ‘others’ (e.g. game umpires, NCAA representatives and dignitaries, etc...)
- Regarding ticket revenue, it was assumed that the average ticket price was \$20;
 - Since 252,000 ticket were sold but only 21% of those attending were non-local, then this yields \$1,058,400 in ticket revenue from non-local fans;
- It was assumed that there was an additional \$100,000 in miscellaneous non-local expenditures associated with the UT basketball season.

If we further simplify and assume that attendance in 2008-09 will be similar to attendance from 2007-08, then the projected gross economic impact estimates for the men’s basketball program at the University of Texas upon the Austin MSA in 2008 will be as follows:

Gross Economic Impact Estimates - UT Men's Basketball			
		<u>Direct</u>	<u>Total</u>
<i>Impact Upon:</i>	(in millions)		
Spending		\$9.41	\$14.47
Income		\$6.28	\$9.30
	Household Income	\$4.51	\$6.16
	Local Tax Revenue	\$0.699	\$1.00
	Corporate Income	\$1.06	\$2.13

Based on this information:

- The gross economic impact of the UT basketball program upon the Austin MSA in 2008-09 is \$9.3 million;
 - \$6.2 million will accrue to local households;
 - \$1.0 million will accrue as new tax revenue for the Austin MSA;
 - \$2.1 million will accrue as local corporate/business/rental income.
- How do we obtain a gross economic impact of nearly \$9.3 million?
 - The initial injection of non-local money was \$9.4 million (i.e. the gross, direct impact upon local spending);

- After accounting for local multipliers, the gross, total impact on spending was \$14.5 million;
- But then we must account for the ‘leakages’ that occur;
 - Recall that ‘leakage’ is the difference between total spending – total income;
 - After accounting for ‘leakages’, the total impact upon local income within the Austin MSA is \$9.3 million.

Sportsimpacts was also asked to assess how the local lodging industry will be impacted by the UT basketball program in 2008.

Gross Economic Impact Estimates - Men's Basketball - LODGING ONLY			
		Direct	Total
<u>Impact Upon:</u>	(in millions)		
Spending		\$2.49	\$2.53
Income		\$1.60	\$1.63
	Household Income	\$0.907	\$0.922
	Local Tax Revenue	\$0.234	\$0.238
	Corporate Income	\$0.461	\$0.469

Based on this information:

- The gross economic impact of the UT basketball program upon the lodging industry within the Austin MSA in 2008 will be approximately \$1.63 million;
 - \$922,000 accrues to local households;
 - \$238,000 accrues as new tax revenue for the Austin MSA;
 - \$469,000 accrues as local corporate/business/rental income.

V. University of Texas Baseball Program

SPORT	# OF TICKETED EVENTS OR DAYS	TOTAL TICKETED ATTENDANCE	# OF SEASON TICKETS (PER EVENT)	KNOWN MSA TICKETS*	KNOWN OUTSIDE OF MSA TICKETS	APPROX. % OF TICKETS THAT INCLUDE ZIP CODE DATA
Baseball	30	177,000	4,600	116,000	29,000	82%

From this, we can surmise the following:

- Of the 145,000 tickets for which there is zip code data, 80% of those were purchased by people from the Austin MSA;
 - o Hence, 20% of those tickets were purchased by fans residing outside of the Austin MSA;
 - For simplicity, we will assume that ‘80% local and 20% non-local’ is a fair representation of the entire season attendance of 177,000;
 - Thus, this implies 35,400 non-local baseball fans;

Other key assumptions in the process of generating gross economic impact results for the UT baseball program upon the Austin MSA:

- Off-site (e.g. lodging, dining, retail, parking) and on-site (e.g. concessions, merchandise) spending estimates per day per travel party were based on past research conducted by Sportsimpacts at numerous other sporting events...and then augmented in particular using past events involving college baseball events (e.g. 2004 and 2005 College World Series).
- Based on those past studies, it is assumed that 300 non-local media visited the Austin MSA throughout the season in conjunction with UT baseball (i.e. 10 per game);
- Based on past research and a basic understanding/awareness of basketball tournament operations, it is assumed that the Austin MSA played host to:
 - o 800 team representatives (coaches, players, etc...assumed 20 different teams with 40 reps per team);
 - o 200 ‘others’ (e.g. game umpires, NCAA representatives and dignitaries, etc...)

- Regarding ticket revenue, it was assumed that the average ticket price was \$10;
 - o Since 177,000 ticket were sold but only 20% of those attending were non-local, then this yields \$354,000 in ticket revenue from non-local fans;
- It was assumed that there was an additional \$50,000 in miscellaneous non-local expenditures associated with UT baseball games.

If we further simplify and assume that attendance in 2008-09 will be similar to attendance from 2007-08, then the projected gross economic impact estimates for the men’s baseball program at the University of Texas upon the Austin MSA in 2008 will be as follows:

Gross Economic Impact Estimates - UT Baseball			
		Direct	Total
<u>Impact Upon:</u>	(in millions)		
Spending		\$5.22	\$8.06
Income		\$3.34	\$5.02
	Household Income	\$2.34	\$3.26
	Local Tax Revenue	\$0.379	\$0.550
	Corporate Income	\$0.621	\$1.210

Based on this information:

- The projected gross economic impact of the UT baseball program upon the Austin MSA in 2008-09 is approximately \$5 million;
 - o \$3.3 million accrues to local households;
 - o \$550,000 accrues as new tax revenue for the Austin MSA;
 - o \$1.2 million accrues as local corporate/business/rental income.
- How do we obtain a gross economic impact of nearly \$5 million?
 - o The initial injection of non-local money was \$5.2 million (i.e. the gross, direct impact upon local spending);

- After accounting for local multipliers, the gross, total impact on spending was \$8.1 million;
- But then we must account for the ‘leakages’ that occur;
 - Recall that ‘leakage’ is the difference between total spending – total income;
 - After accounting for ‘leakages’, the total impact upon local income within the Austin MSA is \$5.02 million.

Sportsimpacts was also asked to assess how the local lodging industry is impacted by the presence of UT baseball in 2008-09.

Gross Economic Impact Estimates - UT Baseball - LODGING ONLY			
		Direct	Total
<i>Impact Upon:</i>	(in millions)		
Spending		\$1.80	\$1.82
Income		\$1.16	\$1.17
	Household Income	\$0.656	\$0.664
	Local Tax Revenue	\$0.169	\$0.171
	Corporate Income	\$0.333	\$0.337

Based on this information:

- The gross economic impact of the UT baseball program upon the lodging industry within the Austin MSA is approximately \$1.17 million;
 - \$664,000 accrues to local households;
 - \$171,000 accrues as new tax revenue for the Austin MSA;
 - \$337,000 accrues as local corporate/business/rental income.

VI. University of Texas Women’s Basketball Program

SPORT	# OF TICKETED EVENTS OR DAYS	TOTAL TICKETED ATTENDANCE	# OF SEASON TICKETS (PER EVENT)	KNOWN MSA TICKETS*	KNOWN OUTSIDE OF MSA TICKETS	APPROX. % OF TICKETS THAT INCLUDE ZIP CODE DATA
Women's Basketball	14	76,000	3,500	49,000	8,000	75%

From this, we can surmise the following:

- Of the 57,000 tickets for which there is zip code data, 86% were purchased by people from the Austin MSA;
 - o Hence, 14% of those tickets were purchased by fans residing outside of the Austin MSA;
 - For simplicity, we will assume that ‘86% local and 14% non-local’ is a fair representation of the entire season attendance of 76,000;
 - Thus, this implies 10,640 non-local women’s basketball attendees;

Other key assumptions in the process of generating gross economic impact results for the UT women’s basketball program upon the Austin MSA:

- Off-site (e.g. lodging, dining, retail, parking) and on-site (e.g. concessions, merchandise) spending estimates per day per travel party were based on past research conducted by Sportsimpacts at numerous other sporting events...and then augmented in particular using past events involving women’s basketball (e.g. 2001 and 2002 Women’s Final Four).
- Based on those past studies, it is assumed that 75 non-local media visited the Austin MSA throughout the season in conjunction with UT women’s basketball (i.e. roughly 5 per game);
- Based on past research and a basic understanding/awareness of basketball operations, it is assumed that the Austin MSA played host to:
 - o 350 team representatives (coaches, players, etc...assumed 14 different teams with 25 reps per team);

- 140 ‘others’ (e.g. game officials, NCAA/conference representatives and dignitaries, etc...)
- Regarding ticket revenue, it was assumed that the average ticket price was \$8;
 - Since 76,000 tickets were sold but only 14% of those attending were non-local, then this yields \$85,120 in ticket revenue from non-local attendees;
- It was assumed that there was an additional \$50,000 in miscellaneous non-local expenditures associated with UT women’s basketball games.

If we further simplify and assume that attendance in 2008-09 will be similar to attendance from 2007-08, then the projected gross economic impact estimates for the women’s basketball program at the University of Texas upon the Austin MSA in 2008-09 will be as follows:

Gross Economic Impact Estimates - UT Women's Basketball			
		Direct	Total
<u>Impact Upon:</u>	(in millions)		
Spending		\$1.99	\$3.05
Income		\$1.29	\$1.93
	Household Income	\$0.86	\$1.21
	Local Tax Revenue	\$0.166	\$0.229
	Corporate Income	\$0.267	\$0.488

Based on this information:

- The gross economic impact of the UT women’s basketball program upon the Austin MSA will be approximately \$1.9 million;
 - \$1.21 million accrues to local households;
 - \$229,000 accrues as new tax revenue for the Austin MSA;
 - \$488,000 accrues as local corporate/business/rental income.

- How do we obtain a gross economic impact of \$1.93 million?
 - o The initial injection of non-local money was \$1.99 million (i.e. the gross, direct impact upon local spending);
 - o After accounting for local multipliers, the gross, total impact on spending was \$3.05 million;
 - o But then we must account for the ‘leakages’ that occur;
 - Recall that ‘leakage’ is the difference between total spending – total income;
 - After accounting for ‘leakages’, the total impact upon local income within the Austin MSA is \$1.93 million.

Sportsimpacts was also asked to assess how the local lodging industry is impacted by the presence of UT Women’s Basketball in 2008.

Gross Economic Impact Estimates - UT WBB - LODGING ONLY			
		<u>Direct</u>	<u>Total</u>
<u>Impact Upon:</u>	(in millions)		
Spending		\$0.608	\$0.616
Income		\$0.390	<i>\$0.396</i>
	Household Income	\$0.221	\$0.224
	Local Tax Revenue	\$0.0571	\$0.0579
	Corporate Income	\$0.112	\$0.114

Based on this information:

- The gross economic impact of the UT women’s basketball program upon the lodging industry within the Austin MSA in is approximately \$396,000;
 - o \$224,000 accrues to local households;
 - o \$57,900 accrues as new tax revenue for the Austin MSA;
 - o \$114,000 accrues as local corporate/business/rental income.

VII. The Texas Relays

SPORT	# OF TICKETED EVENTS OR DAYS	TOTAL TICKETED ATTENDANCE	# OF SEASON TICKETS (PER EVENT)	KNOWN MSA TICKETS*	KNOWN OUTSIDE OF MSA TICKETS	APPROX. % OF TICKETS THAT INCLUDE ZIP CODE DATA
Texas Relays	2	16,000	NA	Unknown	Unknown	0%

As you can tell from this information, there is a great deal of uncertainty surrounding the ‘point of origin’ for the participants and spectators of this event.

Therefore, Sportsimpacts must draw heavily upon past experiences with similar events when making reasonable assumptions regarding ‘point of origin’, spending estimates, and the like.

Before moving forward, it should be noted that in light of the greater uncertainty associated with The Texas Relays, the impact estimates for this event are more dependent upon the assumptions made. To gain greater clarity and precision regarding the impact of this event, Sportsimpacts highly recommends that on-site research be conducted in the near future at the next Texas Relays.

The Texas Relays is a track and field event, and this is relevant because Sportsimpacts has conducted 3 separate studies for the AAU Junior Olympic Games, and one of the marquee attractions of these games is the track and field competition.

Furthermore, the demographic composition for the Texas Relays is very similar to the ‘State Fair Classic’ held annually at the Cotton Bowl between Grambling University and Prairie View University. This game is typically held one week before the Red River Rivalry between Texas and Oklahoma during the State Fair of Texas.

In short, information from the AAU Junior Olympic Games and the State Fair Classic will help in formulating various assumptions made in regards to the Texas Relays.

That said, the following assumptions and data were employed:

- UT athletics cited that attendance at the Texas Relays was approximately 16,000;
 - o Based on data from 3 prior AAU Junior Olympic Games studies, it is assumed that 90% of the participants (and hence their travel parties of friends, family, etc...) were from outside of the Austin MSA;
- Off-site (e.g. lodging, dining, retail, parking) and on-site (e.g. concessions, merchandise) spending estimates per day per travel party, as well as party size and length of stay, were based on past research conducted by Sportsimpacts at numerous other sporting events...and then augmented in particular using past events with similar demographics (e.g. 2002, 2003, and 2007 AAU Games, and the 2004 and 2007 State Fair Classic).
- Given that the Texas Relays garners little national media attention and is run by those who reside within the Austin MSA, we simplify and assume no external money aside from that spent by the athletes and their travel parties (i.e. friends, family, etc...);

Hence, the projected economic impact findings for the Texas Relays based upon this information and these assumptions yields the following results:

Gross Economic Impact Estimates - Texas Relays			
		<u>Direct</u>	<u>Total</u>
<u>Impact Upon:</u>	(in millions)		
Spending		\$3.35	\$5.15
Income		\$2.09	\$3.16
	Household Income	\$1.35	\$1.94
	Local Tax Revenue	\$0.286	\$0.394
	Corporate Income	\$0.459	\$0.830

Based on this information:

- The gross economic impact of the Texas Relays upon the Austin MSA is approximately \$3.2 million;
 - o \$1.9 million accrues to local households;
 - o \$394,000 accrues as new tax revenue for the Austin MSA;
 - o \$830,000 accrues as local corporate/business/rental income.
- How do we obtain a gross economic impact of \$3.2 million?
 - o The initial injection of non-local money was \$3.35 million (i.e. the gross, direct impact upon local spending);
 - o After accounting for local multipliers, the gross, total impact on spending was \$5.15 million;
 - o But then we must account for the ‘leakages’ that occur;
 - Recall that ‘leakage’ is the difference between total spending – total income;
 - After accounting for ‘leakages’, the total impact upon local income within the Austin MSA is \$3.2 million.

Sportsimpacts was also asked to assess how the local lodging industry is impacted by the presence of the Texas Relays.

Gross Economic Impact Estimates - Texas Relays - LODGING ONLY			
		<u>Direct</u>	<u>Total</u>
<u>Impact Upon:</u>	(in millions)		
Spending		\$0.907	\$0.921
Income		\$0.583	<i>\$0.592</i>
	Household Income	\$0.330	\$0.335
	Local Tax Revenue	\$0.0852	\$0.0866
	Corporate Income	\$0.168	\$0.170

Based on this information:

- The gross economic impact of The Texas Relays upon the lodging industry within the Austin MSA in is approximately \$592,000;
 - o \$335,000 accrues to local households;
 - o \$86,600 accrues as new tax revenue for the Austin MSA;
 - o \$170,000 accrues as local corporate/business/rental income.

VIII. Aggregate Annual Economic Impact Results

Annually, the University of Texas at Austin hosts these sports/events:

- Football
- Men’s Basketball
- Baseball
- Women’s basketball
- Texas Relays Track event.

The projected aggregate gross economic impact for these 5 events upon the Austin MSA for the upcoming 2008-09 academic year can be summarized as follows:

Gross Economic Impact Estimates - Total Annual Impact			
		<u>Direct</u>	<u>Total</u>
<u>Impact Upon:</u>	(in millions)		
Spending		\$112.97	\$173.03
Income		\$82.40	\$118.71
	Household Income	\$63.26	\$82.77
	Local Tax Revenue	\$7.47	\$11.24
	Corporate Income	\$11.71	\$24.70

Based on this information:

- The projected gross economic impact of these 5 sports/events upon the Austin MSA is approximately \$118.7 million;
 - o \$82.8 million accrues to local households;
 - o \$11.2 million accrues as new tax revenue for the Austin MSA;
 - o \$24.7 million accrues as local corporate/business/rental income.

- How do we obtain a gross economic impact of \$118.7 million?
 - o The initial injection of non-local money was \$113 million (i.e. the gross, direct impact upon local spending);
 - o After accounting for local multipliers, the gross, total impact on spending was \$173 million;
 - o But then we must account for the ‘leakages’ that occur;
 - Recall that ‘leakage’ is the difference between total spending – total income;
 - After accounting for ‘leakages’, the total impact upon local income within the Austin MSA is \$118.7 million.

Similarly, the projected aggregate impact of these 5 sports/events upon the local lodging industry within the Austin MSA for the 2008-09 academic year can be summarized as follows:

Gross Economic Impact Estimates - Total Annual Impact - LODGING ONLY			
		Direct	Total
<u>Impact Upon:</u>	(in millions)		
Spending		\$17.19	\$17.61
Income		\$11.04	\$11.32
	Household Income	\$6.25	\$6.41
	Local Tax Revenue	\$1.62	\$1.65
	Corporate Income	\$3.17	\$3.26

Based on this information:

- The gross economic impact of these 5 sports/events upon the lodging industry within the Austin MSA in is approximately \$11.3 million;
 - o \$6.4 million accrues to local households;
 - o \$1.65 million accrues as new tax revenue for the Austin MSA;
 - o \$3.26 million accrues as local corporate/business/rental income.

The table below summarizes the various impacts across each event.

2008-09 PROJECTED GROSS ECONOMIC IMPACT - AUSTIN MSA (in millions)							
	2008 Football	2008-09 MBB	2008 Baseball	2008-09 WBB	2008 Texas Relays	Total	2005 Men's Regional
<i>Impact Upon:</i>							
Spending	\$142.30	\$14.47	\$8.06	\$3.05	\$5.15	\$173.03	\$5.60
Income	\$99.30	\$9.30	\$5.02	\$1.93	\$3.16	\$118.71	\$3.37
Household Income	\$70.24	\$6.16	\$3.26	\$1.21	\$1.94	\$82.81	\$2.19
Local Tax Revenue	\$9.07	\$1.000	\$0.550	\$0.229	\$0.394	\$11.24	\$0.390
Corporate Income	\$20.04	\$2.130	\$1.210	\$0.488	\$0.830	\$24.70	\$0.787
2008-09 PROJECTED GROSS ECONOMIC IMPACT - AUSTIN LODGING INDUSTRY (in millions)							
	2008 Football	2008-09 MBB	2008 Baseball	2008-09 WBB	2008 Texas Relays	Total	2005 Men's Regional
<i>Impact Upon:</i>							
Spending	\$11.72	\$2.53	\$1.82	\$0.616	\$0.921	\$17.61	\$1.64
Income	\$7.53	\$1.63	\$1.17	\$0.396	\$0.592	\$11.32	\$1.05
Household Income	\$4.26	\$0.922	\$0.664	\$0.224	\$0.335	\$6.41	\$0.595
Local Tax Revenue	\$1.10	\$0.238	\$0.171	\$0.0579	\$0.0866	\$1.65	\$0.154
Corporate Income	\$2.17	\$0.469	\$0.337	\$0.114	\$0.170	\$3.26	\$0.303

The final column reports the economic impact results for the 2005 Austin Men's Regional, and this is addressed below.

IX. 2005 Men’s Basketball Regional

Unlike the other sports/events discussed to this point in the report, the 2005 Men’s Basketball Regional is not an annual event. Nonetheless, it is noteworthy to determine the economic impact associated with such ‘stand alone’ events in an effort to show the potential economic benefits of attracting such events to the Austin MSA.

Based on information provided by the UT athletics department:

SPORT	# OF TICKETED EVENTS OR DAYS	TOTAL TICKETED ATTENDANCE	# OF SEASON TICKETS (PER EVENT)	KNOWN MSA TICKETS*	KNOWN OUTSIDE OF MSA TICKETS	APPROX. % OF TICKETS THAT INCLUDE ZIP CODE DATA
2005 Men's NCAA Basketball Regional	2	32,000	NA	10,500	7,900	58%

From this, we can surmise the following:

- Ticketed attendance = 16,000 per session;
 - o Unlike the football attendance, where non-local fans are making 6-7 separate trips to the Austin MSA during the course of a season, non-local attendees for the 2005 Men’s Regional were making only one trip;
 - o It is assumed that a large percentage of these tickets were sold as a ‘package deal’...i.e. all 3 games of the regional were sold as one package;
 - o Also, as is the case with most regional basketball tournaments, most attendees are attending both nights;
 - Hence, the total ticketed attendance of 32,000 really represents 16,000 unique fans or ‘fan visits’;
 - A caveat to this conclusion is that it is not uncommon for some of the non-local fans of the losing semifinal teams to leave town early and sell their tickets to other interested parties;
 - In some cases they sell their tickets to the non-local fans of the winning teams that did not have the ticket package for the entire weekend;

- In some cases they sell their tickets to local fans who just want to see the Regional Final.
- Of the total ticketed attendance for which 58% included zip code data:
- 57% were from the Austin MSA and 43% were from outside of the Austin MSA;
 - This is a very low non-local percentage relative to other basketball tournaments Sportsimpacts has studied;
 - For example, for the 2001 and 2002 Women’s Final Four, the 2003 Men’s South Regional, and the 2005 Men’s Final Four, the non-local percentage of fans ranged between 75-95%;

So the easy thing to do would be to assume that we simply have 16,000 unique event attendees who each attended both the semifinals and the finals.

Unfortunately, that assumption would ignore that almost certainly some of the Duke and Utah fans did not return for the Regional Finals once their teams were eliminated.

So the solution is to take the attendance of the regional semifinals in total and assume that 25% of the people attending the regional finals did not attend the semifinals. In this way we end up with 20,000 unique event attendees.

We must still resolve the ‘locals versus non-locals’ issue. Of the additional 4,000 unique event attendees, let’s assume that 75% of these people are non-local fans of the winning semifinal teams who did not have tickets for the semifinals but bought tickets from the fans of the losing semifinal teams, and 25% of these people are local fans who simply only wanted to attend the final.

That stated and then factored in with our other information, we can surmise that 51% of event attendees are non-local and 49% of event attendees are local to the Austin MSA.

Other key assumptions in the process of generating gross economic impact results for the 2005 Men’s Basketball Regional upon the Austin MSA:

- Off-site (e.g. lodging, dining, retail, parking) and on-site (e.g. concessions, merchandise) spending estimates per day per travel party were based on past research conducted by Sportsimpacts at numerous other sporting events...and then augmented in particular using past events involving college basketball tournaments (e.g. 2001 and 2002 Women's Final Fours, the 2003 Men's South Regional in San Antonio, the 2005 Men's Final Four in St Louis);
- Based on those past basketball studies, it is assumed that 175 non-local media visited the Austin MSA in conjunction with this event;
- Based on past research and a basic understanding/awareness of basketball tournament operations, it is assumed that the Austin MSA played host to:
 - o 300 team representatives (coaches, players, cheerleaders, bands, etc...)
 - o administrators);
 - o 50 'others' (e.g. game officials, NCAA representatives and dignitaries, etc...)
- Since this was an NCAA Championship event, it is assumed that none of the ticket revenue or merchandise revenue remained in Austin;
 - o The NCAA usually keeps nearly 100% of the ticket revenue;
 - o Event One, the official merchandiser of the NCAA based in Overland Park, KS, keeps nearly 100% of merchandise revenue;
- It was assumed that there was an additional \$50,000 in miscellaneous non-local expenditures associated with this event.

Hence, the economic impact findings for the 2005 Men's Basketball Regional based upon this information and these assumptions yields the following results:

Gross Economic Impact Estimates - 2005 Men's Basketball Regional			
		<u>Direct</u>	<u>Total</u>
<i>Impact Upon:</i>	(in millions)		
Spending		\$3.59	\$5.60
Income		\$2.18	\$3.37
	Household Income	\$1.53	\$2.19
	Local Tax Revenue	\$0.272	\$0.390
	Corporate Income	\$0.375	\$0.787

Based on this information:

- The gross economic impact of the 2005 NCAA Men's Basketball Regional upon the Austin MSA in 2005 was approximately \$3.4 million;
 - o \$2.2 million accrued to local households;
 - o \$390,000 accrued as new tax revenue for the Austin MSA;
 - o \$787,000 accrued as local corporate/business/rental income.
- How do we obtain a gross economic impact of \$3.4 million?
 - o The initial injection of non-local money was \$3.6 million (i.e. the gross, direct impact upon local spending);
 - o After accounting for local multipliers, the gross, total impact on spending was \$5.6 million;
 - o But then we must account for the 'leakages' that occur;
 - Recall that 'leakage' is the difference between total spending – total income;
 - After accounting for 'leakages', the total impact upon local income within the Austin MSA is \$3.37 million.

Sportsimpacts was also asked to assess how the local lodging industry was impacted by the 2005 Men's Basketball Regional.

Gross Economic Impact Estimates - 2005 Regional - LODGING ONLY			
		<u>Direct</u>	<u>Total</u>
<u>Impact Upon:</u>	(in millions)		
Spending		\$1.62	\$1.64
Income		\$1.04	\$1.05
	Household Income	\$0.589	\$0.595
	Local Tax Revenue	\$0.152	\$0.154
	Corporate Income	\$0.300	\$0.303

Based on this information:

- The gross economic impact of the 2005 NCAA Men's Basketball Regional upon the lodging industry within the Austin MSA in 2005 was approximately \$1.05 million;
 - o \$595,000 accrued to local households;
 - o \$154,000 accrued as new tax revenue for the Austin MSA;
 - o \$303,000 accrued as local corporate/business/rental income.

Closing Remarks

A few caveats to consider in closing.

- First and foremost, many assumptions were employed throughout the study due to a lack of ‘on-site, event specific’ survey research;
 - Sportsimpacts **strongly recommends** that such research be conducted in the future at the various sports/events under study in order to lend greater confidence in the impact estimates generated herein;
 - Especially for football, men’s basketball, and The Texas Relays.
- For some events, especially football games, some non-local visitors are difficult to trace because they do not have tickets for the games, do not attend the games, but still travel to the Austin MSA to celebrate the games with fellow fans;
 - Such persons may tailgate or otherwise watch the game at a local sports bar;
 - Failing to capture this group understates the overall economic impact associated specifically with football;
 - Without survey research to address this issue, Sportsimpacts was hesitant to attempt to tally impact estimates for this group of event attendees, though their presence is worth citing here.
- Throughout the study a reference is made to ‘gross’ economic impact;
 - In truth, the best measure of economic impact is the ‘net’ impact on local income;
 - Net impact measures the net increase in economic activity above and beyond what would have occurred in the absence of the event in question;
 - The difference between ‘gross’ and ‘net’ economic impact is displacement, and displacement refers to one event ‘crowding out’ visitor activity that would have occurred in the absence of that event;
 - Failing to account for displacement can ‘overstate’ the degree of economic impact;
- Though beyond the scope of this study, it should be noted that the athletic events mentioned throughout this report (to differing degrees) create media and promotional exposure for the city of Austin, and that itself yields promotional value and potential additional long-term economic impact by attracting future tourism activity and/or business development.

Appendix A: Football Comparisons with the 2001 Angelou Study

In 2001 the Austin Convention and Visitor's Bureau commissioned a report by Angelou Economics published in November 2001 entitled "Destination Austin: Tourism's Impact on Austin's Economy".

Pages 15-16 of that report offer a brief synopsis of the projected economic impact of the 2001 football season upon the Austin MSA. According to the tables provided in that report, it is estimated that the 2001 Longhorn football season had an economic impact of nearly \$89 million.

Upon reviewing that report, Sportsimpacts notes that the Angelou study only reported the impact on 'output', which is analogous to what this report calls the impact on 'spending'.

However, as it has been argued and noted throughout this report, the impact on spending is NOT the best measure of economic impact because it does not account for monetary leakages.

Part of the issue could be that at the time of the Angelou study, industry practitioners as a whole were not stressing the distinction made above.

But the science and theoretical underpinnings of economic impact studies has undergone extensive research and scrutiny during this decade, and thus, has evolved and improved. Today, practitioners and academics alike would agree and universal accept the fact that the impact on local income is a better measure of long-term economic impact than is the impact on local spending.

Hence, Sportsimpacts attempts to create a more direct comparison with the Angelou study by extrapolated 'local income impacts' using the Angelou reported total impact on spending and the implied relationships between spending and income that arose from the current study based on IMPLAN multipliers.

After adjusting for inflation, the following results follow:

Comparison with the 2001 Angelou Study (in millions)

Year:	2008 Football	2001 Football	2001 Football
Source:	Sportsimpacts	Angelou	Angelou
Measured In:	<u>2008 dollars</u>	<u>2001 dollars</u>	<u>2008 dollars</u>
Spending	\$142.30	\$88.95	\$104.07
Income	\$99.30	\$62.07	\$72.62
Household Income	\$70.20	\$43.88	\$51.34
Local Tax Revenue	\$9.07	\$5.67	\$6.63
Corporate Income	\$20.04	\$12.53	\$14.66

Therefore, it is concluded that:

- For the 2001 football season, the impact on local income was approximately \$62.1 million;
 - o Adjusting for inflation, in 2008 dollars this would translate into \$72.6 million;
- Hence, the projected economic impact of UT football for the 2008 season is approximately \$27 million larger than it was in 2001 after adjusting for inflation;
 - o This is partly due to the increased capacity of the football stadium, as well as a higher level of non-local alumni donations;
 - o It may also reflect that the current study made an effort to account for such football related revenues as non-local media rights, sponsorships, and alumni giving;
 - It is not clear whether the Angelou study tallied these sources of non-local spending.
 - If it did not, then this would be tantamount to underreporting the economic impact of UT athletics back in 2001.

Appendix B: Comparisons with Other Studies conducted by Sportsimpacts

Below is a list of previous gross economic impact estimates generated by Sportsimpacts for other events within the last several years.

Event	Gross Impact on Local Spending (in millions)	Gross Impact on Value-Added (in millions)	Unique Event Attendees	% non-local	Average stay
2006 Super Bowl	\$260.70	\$166.70	100,000	85%	2.8 days
2001 Kansas Speedway *	\$150	\$90	100,000	60%	N/A
2004 Ryder Cup	\$113.90	\$62.60	110,000	55%	3.7 days
2005 Men's Final Four	\$71.40	\$41.20	62,853	86%	3.1 days
2003 T-Mobile Cycling Event	\$60.80	\$35.20	600,000	47%	1.5 days
2006 AAU Junior Olympics	\$47.80	\$27.60	40,000	89%	5 days
2006 Dream Cruise	\$42.80	\$27.50	1,000,000	20%	2.75 days
2005 MLB All-Star Game	\$41.99	\$27.03	54,000	37%	3.4 days
2003 AAU Junior Olympics	\$34.10	\$20.20	36,000	92%	6 days
2001 AAU Junior Olympics	\$31.10	\$18.60	32,000	90%	6 days
2002 Women's Final Four	\$30.20	\$17.80	33,000	95%	5 days
2006 AT&T Cotton Bowl	\$29.80	\$15.60	74,222	80%	2.5 days
2003 Senior Games	\$26.70	\$15.40	27,000	95%	7 days
2001 Women's Final Four	\$20.10	\$11.50	26,000	85%	5 days
2004 Red River Shootout	\$17.30	\$10.30	79,587	92%	1.5 days
2002 Rock n Roll Marathon	\$15.10	\$7.10	45,000	78%	2.5 days
2006 MVC Tourney	\$14.80	\$8.60	35,818	82%	2.8 days
2003 Men's South Regional	\$10.70	\$6.30	30,000	80%	3 days
2003 NCAA Wrestling Champ	\$8.20	\$4.50	18,000	98%	4 days
2000 NCAA Wrestling Champ.	\$7.00	\$4.20	16,000	94%	4 days
2002 US Gymnastics Champ	\$4.80	\$2.40	10,000	81%	4.5 days
2005 Dallas Cup	\$3.90	\$2.30	10,000	72%	6 days
2004 State Fair Classic	\$3.90	\$2.40	61,642	57%	2 days
2004 Folsom Pro Rodeo	\$2.00	\$1.00	18,000	29%	3.9 days
2004 East Coast Surf Champ.	\$1.00	\$0.56	5,000	40%	3.25 days

* The study conducted for the Kansas Speedway was for all of their events held during their inaugural 2001 season.

In April 2004, Sportsimpacts (working in conjunction with Columbus, OH based Paul Werth Associates) conducted an economic impact study for The Ohio State University and their athletics department.

That study was of a larger scope than the study herein as the goal was to assess the economic impact of their entire athletics program. Conversely, the present study was only charged to assess the economic impact associated with the 5 most prominent teams/events at Texas in terms of attracting visitors to the Austin MSA.

Nevertheless, the studies do allow some degree of comparability, and the table below offers a comparison of the economic impact results from the two studies.

Texas v Ohio State		Economic Impact Estimates		
	Event:	Texas 2008-09	OSU 2002-03	OSU 2002-03
	Measured In:	<u>2008 dollars</u>	<u>2002 dollars</u>	<u>2008 dollars</u>
Increase in Local Spending		\$173.03	\$107.6	\$125.9
Value Added		\$118.71	\$47.4	\$55.5
	Labor income Retained Long-term	\$82.77	\$32.98	\$38.59
	Impact on Local Tax Revenues	\$11.24	\$5.10	\$5.97
	Impact on other Property Type Income	\$24.70	\$9.34	\$10.93

Therefore, it is concluded that:

- For the 2002-03 OSU athletic season, the impact on local income was approximately \$47.4 million;
 - o Adjusting for inflation, in 2008 dollars this would translate into \$55.5 million;
- Recall that the aggregate projected gross economic impact of the 5 teams/events explored herein was \$118.7 million;

The Columbus MSA only retains 44% of new spending whereas the Austin MSA retains nearly 66% of new spending. This suggests that the Columbus MSA realizes a larger degree of ‘leakage’ than does the Austin MSA, and this explains why the ‘income differential’ is so much larger than the ‘spending differential’.

Why the greater degree of leakage for the Columbus MSA? Three possible explanations are:

- Local businesses in Columbus are more reliant on non-local suppliers than is true in Austin;
- Austin may have a larger percentage of businesses headquartered within the Austin MSA.
- Columbus residents may be more prone to spend their discretionary dollars outside of the Columbus region compared to Austin residents.

Lastly, it should be noted that the study for Ohio State was not requested due to any facility expansion projects taking place on their campus or for their athletic events.