



August 25, 2008

The Southeastern Louisiana University (Southeastern) Business Research Center (BRC) is jointly operated by the Southeast Louisiana Business Center and the Southeastern College of Business. The BRC provides applied economic analyses and research studies that aid business and economic development efforts in the 5-parish Northshore region of southeast Louisiana, representing one aspect of the University's commitment to economic development in the region.

The Business Research Center is a proud member of the Association for University Business and Economic Research (AUBER) and the Council for Community and Economic Research (C2ER).

The following study was conducted at the request of Special Olympics Louisiana (SOLA) by Herb Holloway, BRC Research Economist, and Dr. A.M.M. Jamal, Professor of Management, Southeastern Louisiana University, using generally accepted research methods, models, and techniques.

The research, results and report are copyrighted[©], but may be reproduced and distributed through any means, provided the report is copied in its entirety with the Southeastern Louisiana University name and logo attached. The information gathered and/or results are for informational purposes only, and are not intended to be used for investment or lending decisions. Research and results of this study do not represent any form of endorsement by Southeastern Louisiana University.

A handwritten signature in black ink that reads 'William Joubert' with a stylized flourish at the end.

William Joubert
Director
Southeastern Louisiana University
Business Research Center

Economic Impact of the 2008 Special Olympics Louisiana State Summer Games

Introduction

The 2008 Special Olympics Louisiana State Summer Games were held May 23-25, 2008 at Southeastern Louisiana University in Hammond, Louisiana. With 1,013 athletes and coaches, 670 volunteers, and approximately 500 friends and family members in attendance, the event provided a significant influx of economic activity into the Tangipahoa Parish and Northshore economies.

Analysis Methodology

This analysis utilized the input-output method to estimate the economic impacts of the 2008 State Summer Games on the local and regional economies. The input-output method is based on the economic linkages between various sectors and industries, which cause every dollar of expenditures to “ripple through” the local economy. This results in every dollar of expenditures being “multiplied” to various degrees, causing a larger economic effect than the original amount of the expenditure. These “ripple” or “multiplier” effects continue to contribute to the economic impact of the expenditure until the effects leave the study area or become too small to measure.

The total economic impact of an event consists of *direct*, *indirect*, and *induced* effects. *Direct* effects are the immediate economic effects of expenditures in the area by organizers, participants, and spectators at the event. This includes lodging and restaurant expenditures, the retail mark-up portion of local retail purchases, event administration and operating expenses, etc.

Indirect effects occur in sectors that supply materials, goods, and services to those industries that were directly impacted by the event-related expenditures. For example, restaurants are *directly* impacted by expenditures of event participants. The suppliers who provide food, paper products, utilities, etc. to the restaurants are *indirectly* impacted, when the restaurants purchase more of these items in response to their increased sales. In turn, businesses that provide goods and services to the restaurant suppliers are indirectly impacted from the increased activities of the restaurant suppliers. These indirect impacts continue to contribute to the economic impact of the event under study until the subsequent expenditures become too small to measure or leave the study area, e.g. if the paper product supplier purchased the napkins he or she sells to the restaurants from outside the study area, that impact chain would stop. However, other expenditures by the paper product supplier, such as fuel and maintenance for a delivery truck, may continue to accrue to the study area.

Induced effects are created by the increase in consumer spending generated by increased payrolls in the directly and indirectly impacted industries. In the example above, restaurants will hire staff to handle the extra customers from the event in question. These restaurant employees will then spend their wages on food, housing, entertainment, etc. In addition, the restaurant supply companies increase their payrolls, also resulting in additional consumer spending. The sum of all of the impacts deriving from increased payroll spending is the induced effect.

The sum of the direct, indirect, and induced effects represents the total economic impact. The total economic impact divided by the direct effect yields the economic impact *multiplier* of the event in question. For most events the multiplier will be between 1.0 and 2.0.

IMPLAN Professional 2.0[®] software and structural matrices were utilized to complete the economic impact analysis of the 2008 State Summer Games on Tangipahoa Parish and the 5-parish Northshore region, and RIMS II multiplier tables developed by the U.S. Department of Commerce for the Northshore region were also used to calculate a regional impact estimate as a point of comparison.

Background and Provided Data

No expenditure survey was conducted at the State Summer Games, so this analysis is based on information provided by Special Olympics Louisiana (SOLA) and on expenditure estimates calculated by the author after reviewing impact studies (which did include expenditure surveys) from other Special Olympics events in Texas, Oklahoma, and North Carolina.

Staff from SOLA provided the following information:

- 1,013 athletes and coaches participated in the Games
- 610 volunteers assisted with the Games (150 from outside Tangipahoa Parish)
- 60 law enforcement officers from outside Tangipahoa Parish participated in the Torch Run and were part of the Games through Sunday morning
- Approximately 500 spectators (family and friends) attended the Games
- The Games started at 6:00 p.m. on Friday, May 23, 2008 and ended at 12:00 p.m. on Sunday, May 25, 2008
- One coach is required for every 4 athletes, but additional coaches may attend
- \$40,753 for lodging and \$33,602 for meals was paid to Southeastern Louisiana University/Aramark by Special Olympics Louisiana for the entire weekend for athletes and coaches (\$37 per athlete and optional coach was paid by regional Special Olympics offices to SOLA to offset a portion of these expenses)

Assumptions and Expenditure Estimates

Based on data from Special Olympics Louisiana, there were 703 athletes, 186 mandatory coaches, and 124 optional coaches that participated in the Games. Because no data was available to researchers on the place of residence of athletes or coaches, no adjustment was made for athletes or coaches who resided in Tangipahoa Parish.

The food and lodging fees paid by SOLA were assumed to be the only expenditures by or for the athletes and coaches.

Expenditures of the 500 spectators, the 60 law enforcement officers, and the 150 volunteers from outside Tangipahoa Parish for lodging, food, fuel, and other retail purchases were estimated by the author and compared to Special Olympics studies from other states to verify that they were appropriate and reasonable.

The known and estimated expenditures used for the economic impact analysis were as follows:

<u>Expenditure Item</u>	<u>Amount</u>
Athlete/coaches lodging	\$40,753
Athlete/coaches food	\$33,602
Spectator and outside volunteer lodging (325 rooms x \$90/night x 2 nights)	\$58,500
Spectator and outside volunteer food & drink (650 people x \$25/day x 2 days)	\$32,500
Law enforcement officer lodging (30 rooms x \$90/night x 2 nights)	\$5,400
Law enforcement officer food & drink (60 officers x \$25/day x 1.67 days)	\$2,505
Groceries and snacks	\$7,100
Miscellaneous retail	\$30,000
Auto gas	<u>\$6,000</u>
Total Expenditures	\$216,360

Estimated Economic Impact on Tangipahoa Parish

The estimated expenditures were input into the IMPLAN Pro model for Tangipahoa Parish. Retail purchases were margined to reflect the fact that few (if any) of the products purchased are produced locally.

Based on these expenditure estimates and the methodology discussed above, the economic impacts of the 2008 Special Olympics Louisiana State Summer Games on Tangipahoa Parish are estimated to have been:

Total Economic Impact	\$273,231
Expenditures	\$216,360
Earnings Impact	\$80,782
Number of Jobs Supported (for 1 year)	4.5

Estimated Northshore Impacts

As a point of comparison to the Tangipahoa Parish estimates above, impact estimates were also calculated for the 5-parish Northshore region (Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington Parishes).

Anytime the study area is made larger, the economic impact multipliers are larger because expenditures will circulate within the larger area through more linkages and for a longer period of time. Supplier industries or sectors with no presence in Tangipahoa Parish may exist in one or more of the other four Northshore parishes, enabling the impacts to “ripple” longer in the study area.

Regional economic impacts were calculated using both the IMPLAN modeling software and regional RIMS-II multipliers from the U.S. Department of Commerce. IMPLAN and RIMS-II use different methods to calculate location effects for the study area, with the result that RIMS-II multipliers are typically larger. Both impact estimates are provided below to allow comparison.

	<u>IMPLAN</u>	<u>RIMS-II</u>
Total Northshore Economic Impact	\$293,286	\$318,900
Expenditures	\$216,360	\$216,360
Earnings Impact	\$94,050	\$98,640
Number of Jobs Supported (for 1 year)	4.3	4.5

(The estimated number of jobs supported declined in the IMPLAN regional model because the higher average salaries in St. Tammany Parish affected the calculations.)

Conclusions

The 2008 Special Olympics State Summer Games contributed a significant influx of tourism dollars into the Tangipahoa Parish and Northshore regional economies. No expenditure surveys were conducted, but expenditure estimates were made based on known participation data, prevailing lodging rates in Hammond, and expenditure data from Special Olympics events in other states.

Our analysis indicates that the 2008 Summer Games had an estimated total economic impact on Tangipahoa Parish of \$273,231, based on estimated expenditures of \$216,360. The event contributed an estimated \$80,782 of earnings to parish residents, supporting 4.5 annual jobs.

The total impact on the Northshore economy was estimated to be between \$293,000 and \$319,000, with earnings impacts of \$94,000 - \$99,000. The estimated number of annual jobs supported was essentially the same as for Tangipahoa Parish, in the range of 4.3 to 4.5.