

ECONOMIC IMPACT OF ATHLETICS TO SOUTHEAST WYOMING

Report to the University of Wyoming Athletics Department

by

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I. Introduction

The University of Wyoming is a large economic driver for Southeast Wyoming and the State, both in the short run and long run. A recent study authorized by the University estimated that the University generates over \$130 million and added value and 2,200 jobs averaging over \$58 thousand in value added per job annually (University of Wyoming, 2014). An important part of this portfolio is UW Athletics. This study focuses on Athletics as it pertains to the functional economy of SE Wyoming, i.e. Laramie and Albany Counties.

Athletics provides opportunities for Students and alumni to visit and enjoy sports activities, including sporting events, workshops, and club programs. The program is highly connected with regional and national interests ranging from NCAA related activities to workshops and training camps for High Schools across the state, to national communication companies, and major donors.

Albany County is heavily tied to tourism and recreation, though the use of public lands and recreation driven by the largest employer in the county, the University of Wyoming. A look at the sectors in the county that are driven by visitors show a slow but steady growth, Table 1. Accommodation and Food Services, a foundation for Albany County Tourism, in part driven by UW Athletics has performed better than other sectors in the long run (though short term changes are less impressive.) Shift-share suggests that the sectors of the economy that are driven by tourism are less competitive than they could be but nonetheless their performance is appropriate given the recession that affected travel and tourism.

The sources of these linkages are detailed below the revenue sources and economic impacts estimation of the UW Athletics. It is important to acknowledge that the impacts below represent changes in the functional economy of the region: Albany County and Laramie County. The impacts begin in Laramie but spread throughout the two counties.

Table 1. Leading, Slipping, Growing, and Lagging Sectors in Albany County, 2002-15.

Major Industry	2002 Jobs	2002 Pct of Total	2002- 2015 Growth Rate	2002- 2015 Rank	Share - Shift	2015 Jobs	2015 Pct of Total	2015 Growth Rate	2015 Rank	2015 Share- Shift
Farm Employment	535	2.52	1.38	3	-0.1	571	2.43	1.42	3	0
Finance and Insurance	667	3.15	1.77	2	0.29	810	3.44	-0.25	7	-0.06
Accommodation and Food Services	1,657	7.81	2.5	1	1.08	2,093	8.89	-0.85	8	-0.22
Manufacturing	697	3.29	-3.19	9	-1.49	424	1.8	5.47	1	0.07
Retail Trade	2,253	10.63	-0.88	7	-1.57	2,132	9.06	0.33	6	-0.11
Professional, Scientific Services	1,402	6.61	-0.02	6	-0.42	1,459	6.2	0.9	5	-0.04
Entertainment, and Recreation	444	2.09	0.64	4	-0.1	469	1.99	1.08	4	-0.01
Federal Civilian Military	270	1.27	-3.11	8	-0.62	155	0.66	-6.06	10	-0.05
Military	184	0.87	0.55	5	-0.02	199	0.85	-1.49	9	-0.03
Suppressed Industriess	13,094	61.76	U	U	2.94	15,231	64.69	2.3	2	0.46
Total Employment	21,203	100	0.71			23,543	100	1.57		

II. Revenues and Spectator Expenditures

We evaluate two types of economic flows generated from Athletics: Revenues from ticket sales and events, and visitor expenditures. The former views the Athletics program like a business that spends funds to offer a desired public service. This spending pays for employees, contractors, and others who then spend money in the regional economy, which through the multiplier effect generate more jobs and income.

Visitor expenditures tries to capture the economic activity generated outside of Athletics activities in the broader communities around UW, including Laramie County. As we explain below Albany County, the formal home of UW and UW Athletics is part of a larger integrated economy that includes Cheyenne to the East and Rock River to the West. Albany County and Laramie County economy runs often together. Visitor expenditures from events related to UW programs, especially Athletics, has multiplier effects in both counties.

Revenues

Revenues include ticket sales generated by events, summer camps, and concessions. We break out estimates of all these categories that comprise revenue sources for Athletics. Table 1 provides ticket sales estimates by geographic source for Football and Basketball events for

2015. Most of the sales were seasonal tickets in all events, with almost half or more of ticket revenue across locational groups for all event categories. Football’s seasonal revenues were 66% of total revenue sources. Men’s basketball was just under 50% and Women’s Basketball was just over 50%.

The “No State Specified” category could either be local spectators or simply not categorized but not local. As we discuss in the next Section on Impacts it is difficult to argue whether impacts actually occurring.

TABLE 1. TICKET SALES BY MAJOR TEAM SPORT, 2015

		Football 2015	Men’s Basketball 2015	Women’s Basketball 2015
SINGLE	Out of State	97,961	18,766	891
	Other Wyoming	140,233	41,108	3,209
	No State Specified	122,946	87,165	20,409
SEASON	Out of State	164,580	26,828	4,725
	Other Wyoming	567,218	110,875	20,783
	No State Specified	3,924	395	0
PICK 'X' MINI-PLAN" PROMOTION	Out of State	4,284	276	0
	Other Wyoming	8,211	3,074	90
	No State Specified	0	0	0

The second source of program revenue are from summer camp activities. Women’s basketball generated the most from other areas of Wyoming and out of state, Table 2. The breadth of sports camps in the Athletics is notable. While many did not generate large revenues, it does suggest that the program is well integrated in High School sports training.

TABLE 2. SUMMER CAMP REVENUES

	Out of State	Other Wyoming	No State Specified
FOOTBALL	31,270	13,038	-
MEN'S BASKETBALL	16,340	38,380	840
WOMEN'S BASKETBALL	95,925	37,725	-
VARSITY BASEBALL	150	725	25

GOLF	900	4,800	-
SWIM	36,720	35,050	-
WRESTLING	22,685	32,270	-
TENNIS	-	-	-
SOCCER	13,975	21,845	-

Other sources of program revenue are presented in Table 3. These include concessionaire fees, special events, fund drives, and conference and media revenue. Of particular note is the large infusion of Conference and media revenues. These revenues generated over 65% of the revenues in this category. These revenue sources help maintain the program, both employees and support for student athletes that come here.

TABLE 3. OTHER REVENUES

	Football 2015	Men's Basketball	Women's Basketball	Total
NET SALES*	187,824	78,280	26,747	292,852
VENDOR SALES**	77,961	41,787	17,923	137,671
HALL OF FAME WEEKEND	29,400			29,400
CONFERENCE/TV	3,431,396			3,431,396
CJC FUND DRIVE	1,385,473			1,385,473

* net sales = gross sales - 6% sales tax, ** Vendor sales based on 25% rent target

Visitor Expenditures

Finally, we incorporate estimates of visitor expenditures. This category is distinguished from the Program revenues in that it does not flow through the University. It is flow that occurs as a result of Athletic programs but occurs in the economy itself as visitors spend money on hotels, restaurants, retail items, local transportation and fuel, etc. We used two sources for this estimate of export dollars. We excluded customers that live in the in the Southeast region since that cannot be counted as an economic impact and used the remainder of estimates of visitors of UW sporting events. Table 4 estimates the numbers for non-locals for two football games and used these as an average for attendance.

TABLE 4. AVE. VISITS BY ORIGIN IN 2015

GAME	Non-		
	Locals	Locals	Unknown
F15-F01	1999	3487	1095
F15-F04	1270	2291	617

We then drew from Wyoming Travel and Tourism Reports (Dean Runyon and Associates, 2015) to estimate local expenditures. While there is a difference in visitor travel between the sampling done with Dean Runyon and the visitors to UW athletics, this is closest approximation to actual expenditures that exist for recreational travelers in Wyoming. The percentages by economic sector used to estimate impacts are presented in Table 5.

TABLE 5. EXPENDITURE SHARES FOR VISITORS

	2015	PCT
ACCOMMODATIONS	740	22.7%
FOOD SERVICE	714	21.9%
FOOD STORES	213	6.5%
LOCAL TRAN. & GAS	648	19.8%
ARTS, ENT. & REC.	449	13.7%
RETAIL SALES	451	13.8%
VISITOR AIR TRANSP*	52	1.6%
STOTAL	3267	100.0%

*Excluded because it is non-local; Source: (Dean Runyon, 2015)

III. ECONOMIC IMPACTS

The data explained in Section II is used to estimate job and income changes in the regional economy of Southeast Wyoming. We use an economic model and database developed by IMPLAN (Minnesota IMPLAN Group, 2015) to estimate total job and income changes as a result of Athletics program activities represented in the above data. We model Albany and Laramie Counties as the functional economy because the two community economies track closely. Laramie and Albany counties have been growing around the same since 2006 though the most recent annual change shows little change for Laramie County and a health change for Albany County. Both counties outperformed State Grow last year, Table 6.

TABLE 6. TOTAL INDUSTRY EARNINGS GROWTH COMPARISONS FOR THE SOUTHEAST WYOMING ECONOMY

	2014-15 Pct Change	2006-15 Pct Change
ALBANY COUNTY	3.21	2.56
LARAMIE COUNTY	0.58	2.66
STATE OF WYOMING	-1.53%	3.62

Source: PNREAP.org

The IMPLAN model evaluates total changes in jobs income accounting for the distinctive characteristics of a regional economy and leakages due to purchasing goods and service from other locations and transfers associated with taxes, et al. The database and modeling software are based upon local data but built around the national input output model managed by the US Department of Commerce. Local data from the Bureau of Economic Analysis, Bureau of Labor Statistics, Census, and Agriculture are incorporated into the model estimate local effects.

Results

Table 7 summarizes the effects of activities described in the previous section on the economy of Albany and Laramie Counties. We divide the impacts into two categories, the operation impacts of the program and the impacts of attendees to the program. The first is primarily the effect of professional operations generated by athletic events, workshops, and other educational activities. These bring in attendees, school groups who purchase tickets and fees associated with the events. Employees of the program purchase goods and services locally required by the events which then create multiplier effects across the regional economy.

Over 169 jobs are generated by Athletic Department Operation, with \$1.8 million in labor income in the broader economy. Economic activity in general (sales and transactions are estimated to be over \$10.6 million).

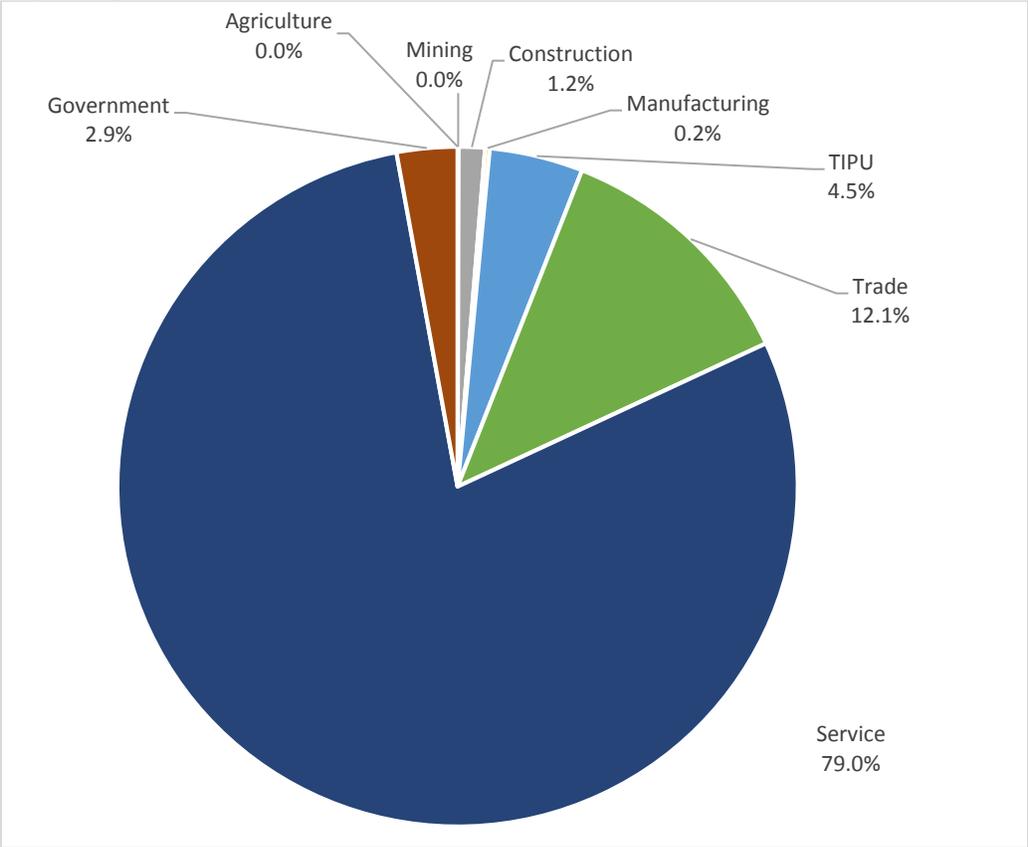
Table 7. Economic Impacts of the University of Wyoming Athletics Program

IMPACT SUMMARY				
IMPACT TYPE	Employment	Labor Income	Total Value-Added	Output
ATHLETIC DEPARTMENT OPERATIONS				
DIRECT EFFECT	146	946,449	3,859,314	7,127,404
INDIRECT EFFECT	17	635,604	1,465,029	2,669,894
INDUCED EFFECT	6	233,028	451,952	808,937
TOTAL EFFECT	169	1,815,080	5,776,294	10,606,235
VISITOR IMPACTS				
DIRECT EFFECT	69	1,597,175	2,407,020	4,069,788
INDIRECT EFFECT	8	289,982	549,922	1,038,962
INDUCED EFFECT	7	277,921	539,014	964,768
TOTAL EFFECT	84	2,165,078	3,495,957	6,073,518
TOTAL PROGRAM				
DIRECT EFFECT	215	2,543,624	6,266,334	11,197,193
INDIRECT EFFECT	25	925,585	2,014,952	3,708,856
INDUCED EFFECT	14	510,949	990,966	1,773,705
TOTAL EFFECT	253	3,980,158	9,272,251	16,679,753

The impacts of the Athletic program also include independent spending by fans and others in the broader economy. By using Wyoming Travel and Tourism estimates of visitor spending we estimate that total economic activity is over \$6.0 million with \$2.1 million in labor income across the regional economy. The two effects together total 253 jobs and \$3.9 million in labor income.

Expenditures for UW athletics, both from the operations part as well as the independent visitor portion are spent primarily in the service sector, but have linkages to other parts of the economy, Figure 1. Trade and services comprise most of the regional impacts, with over 80 pct of the activity. Transportation and public utilities are the third largest.

Figure 1. The Distribution of economic expenditures across the regional economy of SE Wyoming.



IV. Summary

The overall impact of UW Athletics on the regional economy are substantial, with over 250 jobs and \$16 million in economic activity. These effects are considered longterm, continuing economic growth effects of annual Athletic programs (as opposed to construction which ends when construction ends). The program is an important social center for students, alumni, visitors, and staff.