

**IT'S NOT JUST ENTERTAINMENT:
THE ECONOMIC IMPACT OF THE LSU ATHLETIC DEPARTMENT
ON THE BATON ROUGE MSA**

I. Introduction

We think of it mainly as a source of sports entertainment...a very **successful** source as it turns out. Since 1990 it has produced 22 national championship teams. Fifteen of those were in women's track and five were in men's baseball. From it have come 29 SEC championship teams since 1990, including this year's SEC football championship. In the 2000-01 season alone there were 32 individual athletes in this program who earned the prestigious title of "All-American". It is the LSU Athletic Department...ranked among the top 25 in the country in the Sears Director's Cup Awards standings.

Revenues Suggest a Big Business

We know about the achievements of its athletic teams, but what is, more often than not, totally ignored is the tremendous **economic** impact this unit has on the city. Consider this simple fact: In the 2000-01 fiscal year, the total revenues of the LSU Athletic Department (henceforth, LAD) from ticket sales, concessions, pay-for-view TV sales, etc., was about **\$37.5 million**.

How large is that number? Unfortunately, some of the available sales figures for other types of firms are about 4 years old and come to us via the **1997 Census of Manufactures** (www.census.gov/epcd/ec97sic/E97SLAD.HTM). Still, figures from that census report are telling. In 1997, the sales of an average manufacturing plant in Louisiana (\$20.0 million) were just over half of LAD's revenues. The annual sales of a typical apparel plant in our state were about \$4.6 million...approximately an eighth of the

sales of the Athletic Department . How often have we read that this state needs more food processing plants? LAD sales are over twice the volume of an average food processor (\$14.8 million) in Louisiana.

Measuring the Economic Impact of the LAD

The purpose of this report is to estimate the economic impact of the LAD on the Baton Rouge Metropolitan Statistical Area (MSA). The Baton Rouge MSA is composed of East Baton Rouge, West Baton Rouge, Ascension, and Livingston Parishes.

The revenue figure for the LAD provided above gives some indication of the importance of this unit to the Baton Rouge MSA. However, that figure only indicates the **direct** impact of LAD's presence on the MSA. To determine the unit's full impact on the area economy we need to add to this figure the LAD's **indirect** or **multiplier effect** as well.

To use an analogy, think of the Baton Rouge MSA economy as a large pond. If a rock labeled "LSU Athletic Department" is dropped into that pond, it will make a big splash all by itself (\$37.5 million in revenues). But the rock will also create ripples extending to the outer edges of the pond. For example, when the LAD pays its employees, they spend their paychecks at local retail stores, service establishments, etc. This creates sales, income, and jobs in those stores, and when those employees spend their paychecks, that creates even more jobs, and so on until the ripple reaches the edge of the pond. This is the so called "multiplier effect".

The Input/Output Table

As it turns out, there is a handy tool for measuring these multiplier effects...an input/output (I/O) table. We have secured an I/O table for the Baton Rouge MSA from

the Bureau of Economic Analysis (BEA), an agency of the U.S. Department of Commerce. The BEA is the unit of the federal government responsible for collecting the data to derive real gross domestic product estimates for the country, personal income figures for each state, and several other important data series.

Our estimates of the impact of the LAD on the area economy will proceed in the following way. In Section II below, we will describe LAD's operations and in Section III we estimate the impact of those operations on the MSA economy. In Section IV, we will estimate the impact of LAD's one-time spending on the recent expansion of Tiger Stadium. Section V contains a summary and conclusions.

II. LAD's Operations in FY01

Table 1 provides details on the LAD's revenues for the 2000-01 fiscal year (FY01). Note that the Department receives income from several different sources including ticket sales, guarantees for playing at other locations, sales of TV and radio rights, building rentals, and concessions, just to mention a few.

Concession Sales: Special Comment

The mention of concession sales brings up a little known benefit to the community from the presence of the LAD. Concession stands at LAD's sporting events are run by various civic and religious groups in the area, such as the Boy Scouts, Girl Scouts, church-sponsored camps, etc. These groups receive 12% of any sales at their concession stands. For FY01, LAD concession sales totaled \$3,222,786. **These civic groups thus pocketed over \$386,000 to help them with running their various organizations just for working those sporting events.**

Table 1
Athletic Department Revenues
FY 2000-01

One indication of the sheer size of concession sales can be found by detailing sales of products at a particular football game. (Almost two-thirds of concession sales occur at the seven LSU home football games.) At the LSU-Alabama game on November 4, 2000, the following amounts were sold:

48,833 cups of soft drinks

16,703 bottles of water

13,647 hot dogs

8,728 nachos

4,525 bars of candy

6,841 bags of peanuts

Event Attendance

Another indicator of the influence of the LAD on the area economy is the number of people attending sporting events put on by the Department. Table 2 provides data, covering the 1990-00 period, on attendance at LSU home football games, by far the largest source of fans attending Departmental events. Over this 11-year period, the seven home football games brought an average of 479,773 fans to the MSA or about 73,999 fans per game. That means that on a typical night in Tiger stadium there were more people in attendance than the populations of 48 of the State's 64 parishes! There were about as many people in Tiger Stadium as reside in Ascension Parish.

Other noteworthy information jumps off this table. One is the importance of a winning football season to fan attendance. Note that in the first half of the 1990s, when the team's won-loss record was less than .500, the attendance per game was about

66,600 or about 7,400 less than the average for the entire 11-year period. In the especially weak years of 1992-94, attendance averaged only 64,200 per game. Compare that figure with the average for the two excellent years of 1996-97 when the team won at least 9 games and attendance averaged 79,900 per game. **Thus, the difference between a winning season and a poor one is about 13,300 fans per game...or 93,100 fans over a 7-game season.** That is a lot of economic activity for an area to lose if the team is performing poorly.

Table 2
Attendance at LSU Football Games

Year	Total Attendance	Avg. Per game	Won-Loss Record
1990	429,480	71,580	5-6
1991	412,476	68,746	5-6
1992	470,546	67,221	2-9
1993	361,632	60,272	5-6
1994	390,741	65,124	4-7
1995	446,148	74,358	7-4-1
1996	556,631	79,519	10-2
1997	561,629	80,233	9-3
1998	481,739	80,290	4-7
1999	551,780	78,826	3-8
2000	614,704	87,815	8-4
Average	479,773	73,999	NA

Source: LSU Athletic Department – Sports Information

A second point that should be made about the data in Table 2 is the sizeable jump in attendance that occurred in 2000. Partly this was due to a new coach and a winning football season, but more importantly, that was the year that the new addition to the stadium was completed. That addition added 11,450 seats to get the stadium capacity to 91,600.

Table 3 indicates attendance at other athletic events hosted by the LAD in FY 01. In that fiscal year, another 364,467 fans attended sporting events other than football.

About 40% of these fans attended men's basketball games, and another 46% attended men's baseball games. The remaining fans were scattered over several areas such as women's basketball, softball, gymnastics, track, volleyball, and soccer. The data in Table 3 underscore the importance of the football program to the LAD budget. Fan attendance at football games in 2000 exceeded attendance at all other sports by 69%.

Table 3
Attendance at LUS Athletic Events-Except Football
FY 01

Events	Attendance
Men's basketball	143,580
Women's Basketball	21,267
Gymnastics	7,020
Men's Baseball	142,576
Regional Baseball	25,909
Other	24,115
Total	364,467

Source: Ted Stickles, LSU Athletic Department

III. Impact of LAD's On-Going Operations

It should be intuitively clear to the reader that an operation such as the one described above will have a significant economic impact in whichever economy it is located. It is to the measurement of that impact that we turn next.

The LAD events impact the economy in two different ways. First, there are the revenues that are injected into the economy that the LAD **directly collects** and which are enumerated in back in Table 1. The second are the **other monies that fans spend** in other areas of the economy (hotels, restaurants, department stores, etc.) when they attend an LAD sporting event.

The “Diverted Spending” Issue

How much do these injected monies impact the Baton Rouge MSA? To answer that question we must first deal with the “diverted spending” issue. To estimate the impact of any entity on the area we must first estimate how much in the way of **new** monies are injected into the area economy because of the entity. If the entity is a new manufacturing plant, the question is easily resolved. All of the plant’s operating monies are newly injected monies.

But what if it is a new retail establishment or...as is the case of the LAD...a new amusement/entertainment company. In this case, at least some of the monies spent at LAD events **would have been spent in the economy anyway** whether or not LAD was in the MSA. In other words, if not spent at LAD events, the monies would have been spent by consumers at restaurants, movie theaters, etc., in the MSA. The money is not new money injected into the MSA economy; it has just been diverted from other businesses in the MSA.

The conservative approach. This is a tricky issue to resolve. We address this problem in two ways. First, we estimate the economic impact of LAD by using a very conservative approach. The **conservative approach** includes only direct revenues and fan spending that is done by fans **outside** of the Baton Rouge MSA. This approach assumes **all** monies spent by persons living within the MSA are diverted monies and do not constitute new monies attracted to the MSA by the LAD.

The liberal approach. The liberal approach assumes that the money spent by MSA residents at LAD events is totally “athletic event spending” and would have been spent outside the MSA anyway at other athletic events if LADS did not exist. That is,

because the LAD exists in Baton Rouge, monies that would have been spent elsewhere (at Saints games, Tulane events, etc.) remain in the MSA and thus should be counted as new monies injected into the Baton Rouge MSA.

We believe the truth lies somewhere in between these two extremes. That is, some of the MSA resident spending at LAD events is diverted and some is not. Unfortunately, there is no nice, precise way to measure the “diverted spending” phenomenon. What we do below is present a **sensitivity analysis**. We will present impact estimates using both approaches, understanding that the true estimate lies somewhere in between.

The Conservative Approach: Direct Revenues

Back in Table 1, data were presented on direct revenues received by the LAD in FY01. Our task in this section is to determine what proportion of those revenues represent diverted spending, i.e., spending by residents of the MSA that would have been spent in the area anyway.

Some of these revenues clearly come from outside the MSA and should not be placed in the diverted category. Examples would be guarantees received from teams when LSU plays an “away” game, TV rights, SEC distributions, etc. The more difficult task is determining what proportion of ticket revenues came from MSA residents. For the three major revenue sources...football, men’s basketball, and men’s baseball...a special procedure was developed. This procedure may be best illustrated with the largest revenue source...football. The data in Table 4 on attendance at an average football game in 2000 show how the diverted spending estimate was made for this sport.

Table 4
Estimating “Diverted Spending”: Football Games

Group	Number Sold	Out-of -MSA	% Out-of-MSA
Season Tickets	61,994	30,639	49.4%
Visiting Team Tickets	3,903	3,903	100.0%
Student Tickets	16,000	0	0
General Public	5,918	2,923	49.4%
Total	87,815	37,465	42.7%

First, the LSU ticket office provided data on season ticket sales by zip code for each of these three sports. From the zip code information it was determined that 49.4% of football season ticket sales were to individuals living outside of the Baton Rouge MSA. Secondly, we made the very conservative assumption that all student ticket sales were within the MSA. What makes this particularly conservative is that there are peer-reviewed economic studies showing that a winning football team attracts both more, and a better quality, student body. That is, it is very likely that students bring new spending to the area that would not be here absent a successful athletic program.

Thirdly, we assumed that all visiting tickets were from outside of the MSA. Finally, the experience of the ticket office has been that general public ticket sales mirror those of season ticket sales. Thus, we allocated 49.4% of general public ticket sales to out-of-MSA purchasers.

As seen in Table 4, this process leads to an estimate **that 42.7% of attendees at a typical LSU home football game are from outside the MSA.** Their spending represents new monies injected into the MSA economy that would not be here absent the LAD. We then took this 42.7% those items in Table 1 related to football revenues that are associated with game attendance, such as ticket revenue and concession sales. For

example, of the \$12.5 million in football ticket revenues shown in Table 1, 42.7% or \$5.3 million represented new monies injected into the MSA economy.

A similar procedure was used on the other two major revenue generators...men's basketball and baseball. Our analysis of season ticket sales by zip code indicated that season ticket holders attending these two sports were heavily dominated by persons residing **within** the MSA. Indeed, we estimated that about **14.3% of men's baseball and 16.1% of men's basketball revenues originated from residents outside the MSA.** These percentages were multiplied times the attendance-related revenues in each of those two sports to derive the new monies brought to the MSA. We made the conservative assumption that attendees to all the other sporting events put on by the LAD were from within the MSA.

Using these procedures, we estimated that of the \$37.5 million in LAD revenues listed in Table 1, **\$22.4 million represented new monies injected into the MSA economy.** We emphasize that this is a very conservative estimate, based on the assumption that all spending by MSA residents on LAD events would have remained in the MSA in the absence of the LAD.

The Conservative Approach: Fan Spending

A second important way that LAD brings new money into the economy is that when visiting fans come to LAD events, they spend money on other things in the MSA. Visitors spend money at hotels, department stores, restaurants, etc.

To estimate this spending, we conducted surveys at the Florida and Ole Miss games in the fall of 2001. At each game, 15 surveyors conducted interviews of fans prior

to the games. Fans were asked how much they planned to spend during their trip, and they were also asked to break this spending into categories.

These interviews produced a total of 825 valid responses, 494 of them from residents outside the Baton Rouge MSA. Table 5 summarizes the average spending of out-of-MSA fans based on the surveys.

Table 5
Average Spending of Football Fans from
Outside the Baton Rouge MSA

Category	Per Capita Spending	Spending Per Game	Total for the 2001 Season
Food	\$40.08	\$1,501,620	\$10,511,338
Fuel	\$11.41	\$427,293	\$2,991,051
Hotel	\$28.85	\$1,080,943	\$7,566,604
Shopping	\$23.31	\$873,391	\$6,113,738
Total	\$103.65	\$3,920,712	\$27,444,986

The per capita spending figures are computed directly from the fans interviewed that the Florida and Ole Miss games. On average, they planned to spend \$40.08 on food and \$11.41 on fuel in the Baton Rouge Area. Likewise, the average hotel expenditure was \$28.85, and \$23.31 in general shopping was planned on average. Note that these figures included only spending in the Baton Rouge MSA. The survey also revealed that some fans were staying and spending money in other areas of the state as well.

Spending per game was computed by multiplying the per capita figures by the estimated 37,465 fans from outside the Baton Rouge MSA that we estimated attend each LSU game (see Table 4). The total in the last column was computed by multiplying per game totals by seven to account for the seven home games of the 2000 season.

Survey results indicated that **attendees from outside the MSA spent over \$3.9 million per game on food, hotels, department stores, and fuel.** For a 7-home game season, that added up to over **\$27.4 million injected into the MSA economy.**

There are two additional points that should be made about the fan spending data in Table 5. First, we made no attempt to estimate out-of-MSA fan spending generated by other LAD sporting events, such as men's basketball or men's baseball. This lends another element of conservatism to our impact estimates that follow.

Cost of a Losing Football Season

Secondly, the data in Table 5 point out the importance of a winning football team to the MSA economy. Our estimates in Table 5 were based on the 2000 football season when the team's record was 8-4 and attendance per game was 87,815. In 1994, the team had a 4-7 record and attendance averaged 65,124 (see Table 2)...or 22,691 fewer fans per game. Using our previous estimate that 42.7% of ticket sales were out-of-MSA, that means that an estimated 9,689 fewer **visiting** fans came to football games in 1994. At \$103.65 in spending per person (see Table 5), that is a loss of just over \$1 million per game and over \$7 million per season in fan spending due to a non-winning football season. To this number should be added the lost ticket revenue and lost concession sales due to lower attendance by these 9,689 visitors. We estimate this revenue loss at \$1.6 million. To this figure must be added lost monies from bowl participation. With its 8-4 record in 2000, the team received \$839,352 for its participation in the Peach Bowl. Thus, **the total loss to the economy of having an 8-4 team versus a 4-7 team was over \$9.4 million.** This does not include the multiplier effect of these loss funds.

“To the economy” was underlined in that last sentence, to distinguish it from the loss to the Athletic Department. From the Athletic Director’s standpoint, the distinction between visiting and resident fans is irrelevant to the bottom line of the Department. The loss to the Department is the reduction in ticket revenues, plus the reduction in concession sales, plus the loss of bowl revenues. The difference in total attendance per game between a 4-7 season and an 8-4 season was 22,691 fans or a 25.8% reduction in attendance. This translates into a loss of about \$3.5 million in ticket revenues and \$0.5 million loss in concession sales. To this figure should be added the lost bowl revenues of \$0.8 million for a **total loss to the Department of \$4.8 million for having a 4-7 team versus an 8-4 team.**

The reader should note that this loss figure to the Department should be considered very conservative. It does not take into account lower TV rights due to fewer appearances on the tube, nor does it include other potential losses such as parking fees, corporate donations, etc. Too, it is important to recognize that if a team is very successful, like the 2001 team with its 10-3 record and Sugar Bowl appearance, the bowl payoff can be substantially higher. The payout to LSU for its appearance in the Sugar Bowl was \$2.5 million...three times the payout for its appearance in the Peach Bowl in 2000.

The Conservative Approach: LAD’s Impact on the MSA

In the paragraphs above we have estimated that the LAD’s presence results in money being injected into the MSA economy in two ways: (1) \$22.4 million through direct revenues received by the department and (2) \$27.4 million via new visitor fan spending. By plugging these figures into the I/O table, we can estimate the total impact

of this spending on (1) sales at firms located in the MSA; (2) household earnings of MSA residents; and (3) jobs in the MSA.

Impact on Business Sales. In Table 6, data are provided on the impact of LAD's presence on sales at firms in the MSA. These impacts are broken out for the top nine industries in the MSA that benefit the most from LAD's presence.

According to the I/O table, in 2000 **firms in the Baton Rouge MSA experienced nearly an \$87 million boost in sales** due to LAD's presence. The hotel/amusements sector was the largest beneficiary with nearly \$31 in sales, followed by firms in retail trade (\$12.5 million) and eating/drinking places (\$12 million).

Table 6
Business Sales Impacts of LAD's Presence

Category:	Sales Created
Hotels and Amusements	\$30,677,575
Retail Trade	\$12,470,936
Eating and Drinking Places	\$11,958,517
Real Estate	\$5,582,565
Business Services	\$4,157,189
Health Services	\$3,140,679
Wholesale Trade	\$2,653,610
Miscellaneous Services	\$2,173,954
Financial Institutions	\$2,150,829
Total	\$86,998,815

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Impact on MSA Household Incomes. Table 7 reveals the I/O table estimates of LAD's presence on household earnings in the MSA...an issue of greater concern to the populace perhaps than firm sales. Little wonder. According to I/O table estimates, **LAD's presence in 2000 created nearly \$26.6 million in household earnings for MSA**

residents. Is this a large figure? Perhaps some reference points would be helpful. Total farm earnings in 1999 (latest year available) in the MSA were \$13.7 million...about half the amount created by LAD's presence. The MSA's lumber and wood products manufacturing sector generated \$21.9 million in that year, again a figure smaller than LAD's impact.¹

Table 7 also reveals where the people work who were the largest beneficiaries of this \$26.7 million in new earnings. It is not surprising that individuals working in the hotel/amusements were the biggest winners (\$10.1 million). Workers in retail trade picked up \$4.4 million in earnings, followed by employees in eating and drinking establishments (\$3.6 million). Over \$1 million in additional earnings were garnered by people working in business service firms and the health sector.

Table 7
Increase in MSA Earnings Due to LAD's Presence

Category:	Earnings Created
Hotels and Amusements	\$10,080,403
Retail Trade	\$4,419,259
Eating and Drinking Places	\$3,590,616
Business Services	\$1,758,492
Health Services	\$1,501,828
Wholesale Trade	\$815,128
Miscellaneous Services	\$724,403
Total	\$26,589,877

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

¹ Regional Economic Information System, Bureau of Economic Analysis, CD-ROM, May 2001.

Impact on Jobs in the MSA. Finally, Table 8 shows the I/O table estimates of the impact of LAD on jobs in the MSA. According to the I/O table, **LAD's presence produced 1,398 jobs in the MSA in 2000.**

Table 8
LAD's Impact on Jobs in the MSA

Category	Jobs Created
Hotels and Amusements	482
Eating and Drinking Places	315
Retail Trade	280
Business Services	69
Health Services	41
Miscellaneous Services	38
Total	1,398

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Over one-third of these jobs were produced in the hotel/amusements sector, but the eating/drinking establishments (315) and retail trade (280) sectors were also significant winners in terms of new jobs, as seen in Table 8.

It is very important for readers to appreciate the very conservative nature of the sales, earnings, and job impacts shown above. To review, this conservative approach assumes that all spending by MSA residents at LAD events would have been spent in the MSA anyway on other amusement activities. It assumes that MSA residents would not have spent this money outside the MSA at other sporting events, say in New Orleans, in order to satisfy their need to attend a big-time college sporting event.

This conservative approach also only takes into account visiting fan expenditures at **football games**. We were unable to estimate the impact of visiting fan expenditures at hotels, restaurants, etc., associated with their attendance at other LAD sporting events

such as men's basketball or baseball. We anticipate that these fan expenditures would be relatively small. Still, they would make the numbers in Tables 6-8 even larger.

The Liberal Approach: LAD's Impact on the MSA

What if we took a more liberal view to estimate LAD's impact? What if the LAD did not exist in the Baton Rouge MSA? It is not totally unreasonable to assume that MSA residents would spend the money they are now spending at LAD events at athletic events **outside the MSA**. That is, resident could take this money and spend it at Saints games or events at Tulane, UNO, ULL, etc. If LSU was located in another MSA, say Lafayette, would not Baton Rouge MSA residents be spending this money there? Could one reasonably argue that having LAD in the Baton Rouge MSA keeps money in the MSA that would otherwise flow out to these other areas?

The liberal approach to estimating LAD's impact on the economy assumes these are reasonable arguments. Under this approach there are two modifications to the estimates made under the conservative approach shown above. First, **all** of the direct revenues received by the LAD are included in our impact estimates. No provision for any diverted spending is taken into account. For example, we assume that money spent by MSA residents on tickets to LAD sporting events would have been spent outside the MSA on other sporting events. That means that all of the \$37.5 million in direct revenues shown back in Table 1 would be entered into the I/O table.

Secondly, when surveys were taken of fan expenditures at the Florida and Ole Miss games, data were also collected from 331 **MSA residents** on spending associated with the game. Under the liberal estimate, we assume that these monies would have been spent at sporting events outside of the MSA if the LAD was not located here.

Table 9 shows the results of our survey of fan spending by MSA residents. These data reveal that over \$1.4 million is spent by MSA-resident fans on food, fuel, and shopping associated with attendance at each game. The larger of the three figures are expenditures on food and shopping, with fuel being only about 11% of the total. Over a 7-game home season, these resident-fans spent an estimated \$10.4 million on these three broad items. This \$10.4 million figure is added to the \$27.4 million spending by non-resident fans (see Table 5) for injection into the I/O table.

Table 9
Average Spending of Football Fans Residing in
the Baton Rouge MSA

Category	Per Capita Spending	Spending Per Game	Total for the 2001 Season
Food	\$22.91	\$786,816	\$5,507,710
Fuel	\$4.71	\$161,674	\$1,131,721
Shopping	\$14.74	\$506,232	\$3,543,626
Total	\$42.35	\$1,454,723	\$10,423,508

Table 10 illustrates the impact results using the more liberal approach. Data are shown in column 1 for the impacts of non-MSA residents...the conservative approach impacts...and column 2 provides the estimates of the MSA resident spending. The last column sums these two impacts together to provide the liberal approach estimate of LAD's impact. **Adding the impact of the MSA-resident spending boosts LAD's sales impact to over \$131 million, its impact on household earnings to \$40.1 million, and its job impact to 2,103.**

Table 10
LAD's Impact on the MSA Economy: Liberal Approach

	Conservative Approach	MSA- Residents Impacts	Liberal Approach
Jobs Created	1,398	705	2,103
Earnings Created	\$26,589,877	\$13,546,690	\$40,136,547
Sales Created	\$86,998,815	\$44,054,257	\$131,053,072

Does column 1 or column 3 provide the best estimate of LAD's impact? We suggest that the reader think of these as the lower and upper bounds of the Department's effect on the MSA economy. The conservative approach obviously leaves out a significant amount of spending that one could reasonably argue should be included. On the other hand, it may be stretching the point to argue that none of MSA-resident spending is diverted from other areas of the MSA economy. The truth, no doubt, lies somewhere in between.

III. Stadium Expansion Impact

The information provided to this point addresses the impact of LAD's **on-going** operations. However, occasionally the Department engages in a major construction project that is not a part of its on-going operations. An example is the recent expansion of Tiger Stadium. The Tiger Athletic Foundation (TAF) recently spent \$47,722,000 on the East Side stadium addition and another \$5.7 million on scoreboards.

This was a substantial injection of new funds into the MSA economy, so the sales, earnings, and job impacts were non-trivial as we demonstrate below. This \$53.4 million capital expenditure was plugged into the I/O table. Table 11 reveals the I/O table estimate of the impact on sales at MSA firms.

Table 11
Impact of Stadium Expansion on Sales at MSA Firms

Category:	Sales Created
Construction	\$54,121,828
Business Services	\$8,638,337
Retail Trade	\$5,219,329
Real Estate	\$4,621,003
Wholesale Trade	\$4,247,049
Fabricated Metal	\$3,825,015
Health Services	\$3,413,666
Transportation	\$2,206,329
Miscellaneous Services	\$2,078,116
Total	\$101,635,355

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

According to the I/O table, **the Tiger Stadium expansion created \$101.6 million in new sales for area firms.** Firms in the construction sector were the largest beneficiaries of this new spending, gaining over \$54.1 million in sales. The business services sector...which includes engineers, attorneys, CPAs, etc...was the second largest securer of new business with \$8.6 million in sales.

Table 12 reveals the I/O table estimates of what the stadium expansion meant to household earnings in the MSA. **MSA residents enjoyed a nice \$28.8 million infusion of money into their pocketbooks as a result of this large construction project.** As one might expect, workers in the construction sector gained the most, with an estimated \$14.7 million boost in earnings. Construction workers were followed by employees in business services, retail trade, health services, and wholesale trade as groups adding more than \$1 million in new earnings.

Table 12
Impact of Stadium Expansion on MSA Household Earnings

Category:	Earnings Created
Construction	\$14,723,103
Business Services	\$3,755,567
Retail Trade	\$1,848,401
Health Services	\$1,629,371
Wholesale Trade	\$1,303,497
Fabricated Metal	\$860,094
Miscellaneous Services	\$710,513
Total	\$28,847,880

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, Table 13 provides I/O table estimates of the impact of the stadium expansion on jobs in the MSA. **According to the I/O table, 1,048 jobs in this community could be traced back to the spending by LAD on the stadium expansion.** Nearly 500 workers in the construction industry were supported by this project, and over 100 jobs each in retail trade and business services were related to the stadium expansion.

Table 13
Impact of Stadium Expansion on Jobs in the MSA

Category	Jobs Created
Construction	494
Retail Trade	118
Business Services	106
Health Services	46
Miscellaneous Services	39
Wholesale Trade	39
Eating and Drinking Places	38
Total	1,048

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

V. Summary & Conclusions

The LSU Athletic Department (LAD) has produced 22 national championship teams since 1990, including this year's SEC football championship. In the 2000-01 season alone, the Department produced 32 individual athletes who earned the title "All-American". It is clearly a great sports entertainment source for the Baton Rouge MSA.

What is often not understood or appreciated is how important the LAD is to the MSA's economy. The MSA is composed of East Baton Rouge, West Baton Rouge, Livingston and Ascension Parishes. Fan survey results and input/output tables were used to estimate the impact of the LAD on the economy over the 2000-01 fiscal year (FY01).

The findings were as follows:

- In FY01, the LAD generated about **\$37.5 million in direct revenues** from ticket sales, concessions, game guarantees, etc. By way of reference, the average manufacturing firm in the State in 1997 had \$20 million in revenues, and a typical food processing plant had revenues of only \$14.8 million...about 40% of the LAD's revenues.
- **Civic groups run concession sales at LAD sporting events and pocketed \$386,000 in FY01** to help run their organizations.
- Over the 11-year period of 1990-00, home football game attendance averaged 73,999. **On a typical night in Tiger Stadium there are more people in attendance than the populations of 48 of the State's 64 parishes.** There are about as many people present as live in Ascension Parish. With the new stadium addition raising capacity to 91,600, these attendance figures will grow even higher.
- Using survey data, it is estimated that fans who reside outside the MSA spent just **over \$27.4 million in the MSA on hotels, fuel, food, and shopping** associated with their attendance at the seven home football games.
- An estimate was provided of the loss of direct spending in the MSA if the football team experiences a losing football season. **It has been estimated that the MSA loses at a minimum \$9.4 million over a 7-game season if the team's record is 4-7 versus 8-4.** It is estimated that the **Athletic Department loses \$4.8 million in revenues if the football team goes 4-7 over the season rather than 8-4.** These estimates do not include the multiplier effect of these lost monies.

- Using a **conservative approach**, which counts only monies coming from **visiting** fans as new money injected into the economy, we estimate the following impacts of LAD's operations in FY01 on the MSA economy:
 - **\$87 million in new sales at MSA firms;**
 - **\$26.6 million in new household earnings for MSA residents;**
 - **1,398 jobs for MSA residents.**

- Using a more **liberal approach**, which involves counting **all fan** spending as new money injected into the economy, we find the following impacts on the MSA:
 - **\$131 million in new sales at MSA firms;**
 - **\$40.1 million in new household earnings for MSA residents;**
 - **2,103 jobs for MSA residents.**

- The Tiger Athletic Foundation recently spent \$53.4 million to expand Tiger Stadium on the East Side and to add new scoreboards. We estimate the impact of these one-time expenditures to be as follows:
 - **\$101.6 million in new sales for MSA firms;**
 - **\$28.8 million in new household earnings for MSA resident;**
 - **1,048 new jobs in the MSA.**

Obviously, what the LSU Athletic Department does is not just entertainment.