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Rebecca Tekula PhD

Pace University - New York, rtekula@pace.edu

Adrian Rivero

Pace University - New York, arivero@pace.edu

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Economic Impact of Pace University's Athletics Department

Economic Analysis

Prepared for
Pace University

October 31, 2018
The Wilson Center for Social Entrepreneurship
Pace University
Rebecca Tekula, PhD, Executive Director
Adrian Rivero, Administrative Coordinator

NARRATIVE

When Pace University Athletic Department facilities are filled for home games, partner events, and University-wide activities, millions of dollars of economic activity are generated through ticket sales, direct University support, tournament fees, royalties, and licensing. This spending and attendance creates a ripple effect in the economies of Pleasantville, Westchester County, and the Hudson Valley region as Pace University visitors and fans spend at restaurants, hotels, retail stores, gasoline service stations, and other community businesses on their way to and from games and hosted events.

Economic Impact

Athletic department spending and spending by fans and visitors who attend Pace University athletic facilities hosted games and events generate a substantial economic impact on Pleasantville, Westchester County, and the Hudson Valley Region.

In total, the estimated overall annual economic impact of the Pace University Athletic Department on the regional economy amounts to \$33.8 million in increased output, \$13.4 million in earnings, and 291 jobs¹. This can be broken down into two major areas of impact: University Spending and Visitor Spending.

- **University Spending:** In the 2017 fiscal year, our athletics expenditures were nearly \$11 million, contributing \$2.9 million in salaries and benefits. The multiplier effect, or secondary impact, of Pace athletics expenditures, as determined by the Regional Input-Output Modeling System (RIMS II) developed by the Bureau of Economic Analysis of the U.S. Department of Commerce, generates an estimated \$22 million in increased economic output, \$9.8 million in earnings and 186 additional jobs.
- **Visitor Spending:** In fiscal year 2018, events hosted by the Athletics Department drew 142,487 attendees. Visitors spent over \$5.4 million at restaurants, hotels, retail stores, and other community businesses. The secondary impact of visitor spending generates an estimated \$11.7 million in economic output, \$3.6 million in earnings and 105 full-time equivalent jobs.

¹ According to the BEA: **Output** represents the total dollar change in output that occurs in all the industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry; **Earnings** represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry; **Employment** represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry.

Putting it all Together

Pace University Athletics has been an important neighbor to the Pleasantville and Westchester communities for many years – and indeed it serves as a strong economic vehicle generating nearly \$34 million in economic impact in the area.

METHODOLOGY

In order to define the economic impact of Pace University’s Athletic Department, we looked at several measures and estimates including the overall operating budget for the Athletics Department and number and profile of visitors to Athletics Department hosted events. We calculated the multiplier effect, or secondary impact, of Pace NYC expenditures as determined by the Regional Input-Output Modeling System (RIMS II) developed by the Bureau of Economic Analysis of the U.S. Department of Commerce.

Departmental Spending and Multipliers

Economic multipliers obtained from the Bureau of Economic Analysis were used to estimate indirect and induced impacts on the Westchester economy. In order to estimate how Pace Athletics expenditure contributed economic activity in the region, we applied output, earnings, and employment multipliers associated with the industry *Spectator Sports- 711200*. According to the BEA:

- (1) **Output** represents the total dollar change in output that occurs in all the industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry
- (2) **Earnings** represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the Industry corresponding to the entry
- (3) **Employment** represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry

These multipliers were applied to the Athletics expenditure of \$11 million to determine the indirect and induced impact University spending contributed to the major industries.

Visitors and Fans

In accordance with comparable reports, to determine the economic impact of visitor spending we obtained actual and estimated numbers of visitors from the Athletics Department and the Department of Special Events, along with estimates of the number of “out of town” visitors to

the external events hosted. To calculate the ratio of out-of-town attendees at University-wide events, we used current enrollment data on students' hometowns to estimate the number of daytrip and overnight visitors. We analyzed the number of attendees, visitors, and fans for three major categories of events:

- 1) External events hosted at Athletics Department facilities (e.g., NCAA Championships, High School Graduations)
- 2) University-wide events hosted at the Athletics Department facilities (i.e., visitor-attracting events which would be held off-campus if not for the Athletics Department facilities, e.g. commencement ceremony)
- 3) Athletics Department events (i.e., sporting events of the Pace Setters)

Primary data for Fan Spending was not available for the purposes of this report. In an effort to calculate this, we turned to similar economic impact reports with a recorded estimate of fan/visitor spending. We looked at a total of 10 reports and a consensus was made on 3 sources¹, averaging the estimate given for local, out-of-county and overnight visitor spending, producing the following estimates:

- Local: \$42.80
- Out-of-Town Day trip: \$83.00
- Out-of-Town Overnight: \$252.50

Total visitor spending was estimated to be \$5.4 million. Multipliers for ***Performing Arts, Spectators Sports, and Related Activities: Industry Code 59*** were applied to the direct visitors spending to determine economic impact.

¹ *US General Services Administration FY19 Per Diem Rates for Zip 10570; National Park Service 2017 National Park Visitor Spending Effects; 2012 Pace Athletics Economic Impact Report with CPI Adjustments made*

Table 1

Overall Economic Impact of the Pace University Athletic Department Expenditure, Fans and Visitors

Actual Spending	Impact Measure	Total Impact
Athletics Expenditure		
\$10,855,824	Output	\$22,037,323
	Earnings	\$9,814,750
	Employment	186
Fan/Visitor Spending		
\$5,379,046	Output	\$11,736,542
	Earnings	\$3,613,106
	Employment	105
Overall Impact		
	Output	\$33,773,864
	Earnings	\$13,427,856
	Employment	291

Table 2**Athletic Department Operating Revenue - FY2017**

Ticket Sales	\$23,349
Direct Institutional Support	\$8,602,766
Indirect Institutional Support	\$1,155,803
Indirect Institutional Support - Athletic Facilities Debt Service, Leas	\$663,301
Guarantees	\$15,000
Contributions	\$287,312
NCAA Distributions	\$16,806
Program, Novelty, Parking and Concession Sales	\$16,278
Royalties, Licensing, Advertisement and Sponsorship	\$152,740
Athletics Restricted Endowment and Investments Income	\$11,000
Other Operating Revenue	\$53,663
Total Operating Revenue	\$10,998,018

Athletic Department Operating Expenditure - FY2017

Athletic Student Aid	\$4,116,369
Coaching Salaries, Benefits and Bonuses paid by the University and related entities	\$1,567,365
Support staff/administrative compensation, benefits and bonuses paid by the university and related entities	\$1,365,316
Recruiting	\$108,813
Team Travel	\$407,014
Sports equipment, uniforms and supplies	\$226,219
Game Expenses	\$114,501
Fundraising, marketing and promotion	\$118,092
Spirit Groups	\$55,614
Athletic Facilities debt service, leases and rental fee	\$663,301
Direct overhead and Administrative Expenses	\$425,120
Indirect Institutional Support	\$1,155,803
Medical Expenses and Insurance	\$163,080
Memberships and Dues	\$30,283
Student-Athlete Meals (non-travel)	\$103,650
Other Operating Expenses	\$235,284
Total Operating Expenses	\$10,855,824

Source: NCAA reporting submission with FY17 data

Table 3

Attendance and Visitor Spending for ATHLETICS DEPT FACILITIES USE - FY2018

Event Hosted	Total Visitors	% Local Visitors	# Local Visitors	Spending by Local Visitors	% Out of County Visitors	# Out of County Visitors	Spending by Out of County Visitors	% Overnight Visitors	# Overnight Visitors	Spending by Overnight Visitors	Total Visitor Spending
American Consumer Home Show	5,000	95%	4,250	\$352,750	5%	250	\$20,750	10%	500	\$110,500	\$484,000
Community Memberships	18,000	100%	18,000	\$0	0%	0	\$0	0%	0	\$0	\$0
High School Graduations (2)	6,577	90%	5,919	\$491,302	10%	658	\$54,589	0%	0	\$0	\$545,891
NCAA Championship	1,297	50%	649	\$53,826	50%	649	\$53,826	0%	0	\$0	\$107,651
Pace Graduation, Open House, other	7,549	9%	679	\$56,391	60%	4,529	\$0	31%	2,340	\$590,898	\$647,289
Swim Classes & Meets	50,148	100%	50,148	\$0	0%	0	\$0	0%	0	\$0	\$0
Youth & Highschool Games & Tournaments	23,526	100%	23,526	\$1,952,658	0%	0	\$0	0%	0	\$0	\$1,952,658
Youth Sports Camps	1,428	100%	1,428	\$0	0%	0	\$0	0%	0	\$0	\$0
Other	2,679	33%	884	\$73,378	67%	1,795	\$148,979	0%	0	\$0	\$222,357
Total	116,204		105,483	\$ 2,980,304		7,881	\$ 278,144		2,840	\$ 701,398	\$ 3,959,846

Source: Pace University Athletics Department and Office of Planning, Assessment and Institutional Research
 Swim Classes, Meets Camps and Memberships assumed to have no related local spending.
 Average Spending Per Person: Out of County Visitors \$83, Overnight \$252.50

Attendance and Fan Spending at PACE UNIVERSITY SPORTING EVENTS - FY2018

Games	Total Attendance	% Local Fans	# Local Fans	Spending by Local Fans	% Out of County Fans	# Out of County Fans	Spending by Out of County Fans	% Overnight Fans	# Overnight Fans	Spending by Overnight Fans	Total Fan Spending
Baseball (19)	1,670	70%	1,169	\$50,033	5%	84	\$9,618	10%	167	\$22,370	\$82,020
Field Hockey (9)	1,271	70%	890	\$38,079	5%	64	\$7,320	10%	127	\$17,025	\$62,424
Football (5)	6,429	70%	4,500	\$192,613	20%	1,286	\$148,098	10%	643	\$86,116	\$426,828
Men's Basketball (14)	4,052	75%	3,039	\$130,069	5%	203	\$23,335	10%	405	\$54,277	\$207,681
Men's Lacrosse (6)	1,467	70%	1,027	\$43,951	5%	73	\$8,448	10%	147	\$19,650	\$72,050
Softball (23)	2,109	70%	1,476	\$63,186	5%	105	\$12,146	10%	211	\$28,250	\$103,581
Swimming (4)	400	70%	280	\$11,984	5%	20	\$2,304	10%	40	\$5,358	\$19,646
Volleyball (11)	1,753	70%	1,227	\$52,520	5%	88	\$10,096	10%	175	\$23,481	\$86,097
Women's Basketball (13)	4,015	75%	3,011	\$128,882	5%	201	\$23,122	10%	402	\$53,781	\$205,785
Women's Lacrosse (10)	1,525	70%	1,068	\$45,689	5%	76	\$8,782	10%	153	\$20,427	\$74,899
Women's Soccer (7)	1,592	70%	1,114	\$47,696	5%	80	\$9,168	10%	159	\$21,325	\$78,189
Total	26,283		18,801	\$804,702		855	\$262,438		2,628	\$352,061	\$1,419,200

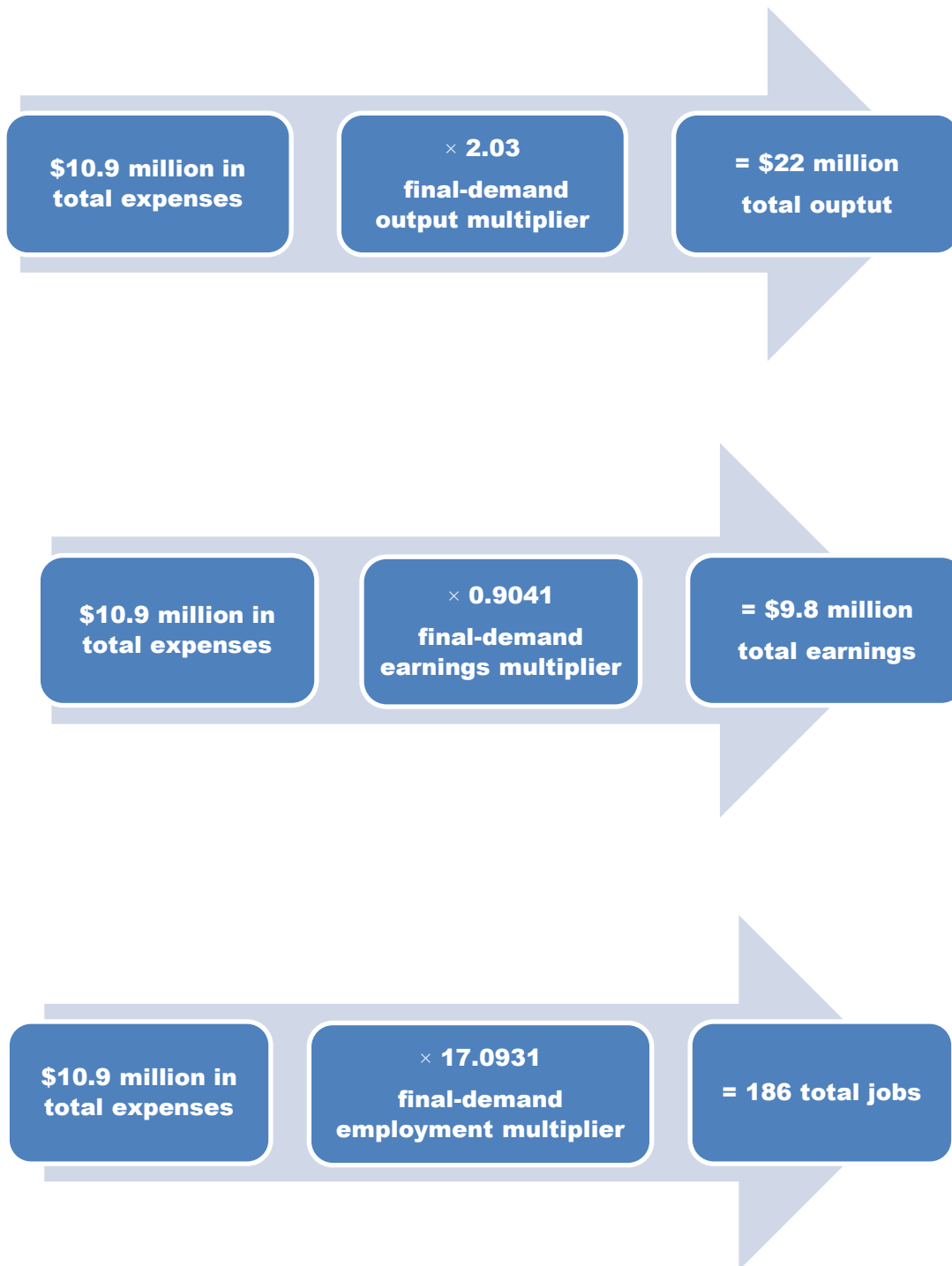
Source: Pace University Athletics Department
 Average Spending Per Person: Local Visitors \$42.80, Out-of-County \$83.00, Overnight \$252.50

Overall Fan/Visitor Spending - FY2018

Category	Total
External Events Hosted	\$3,959,846
Pace Home Games	\$1,419,200
Total Fan Spending	\$5,379,046

Table 4

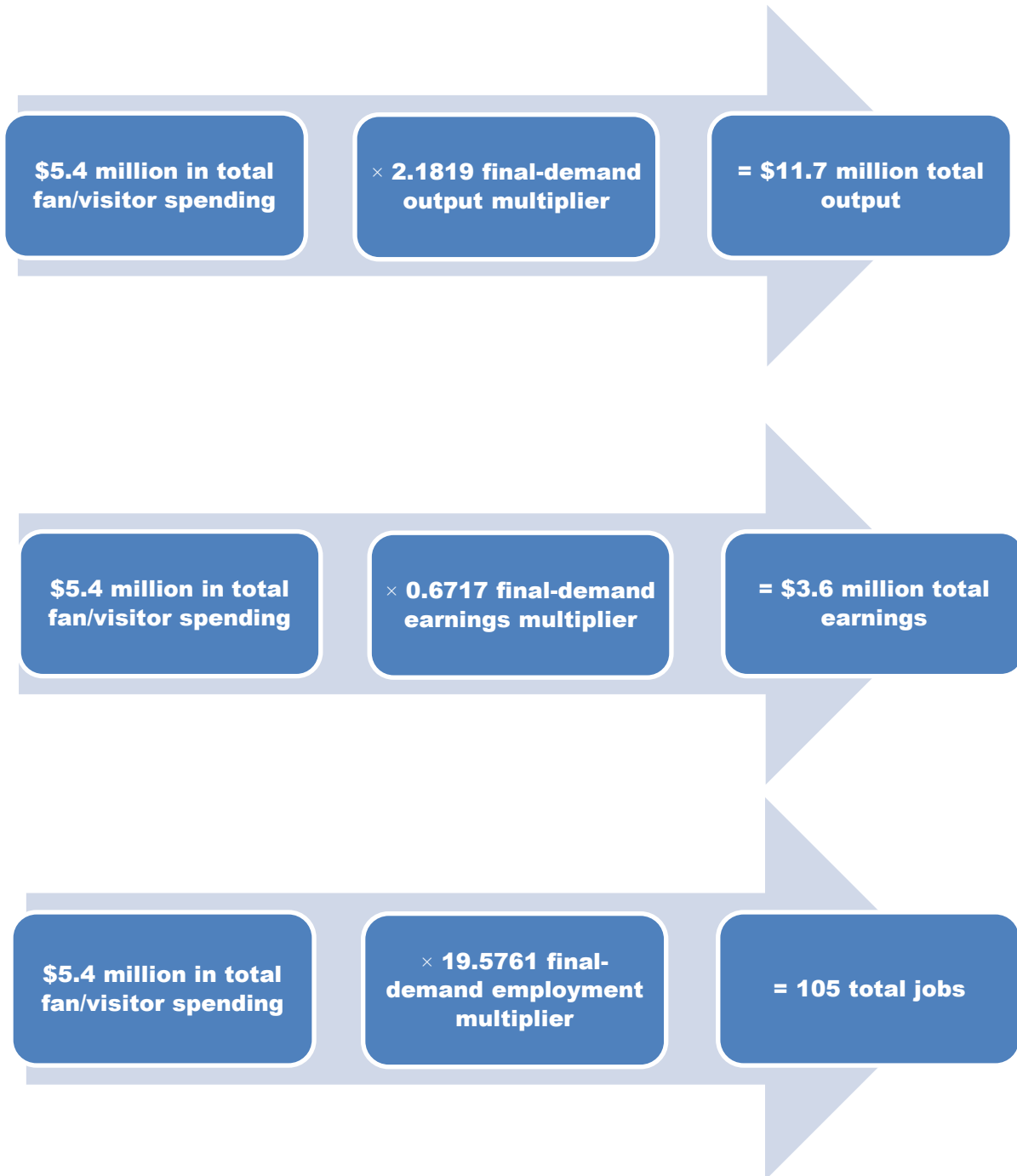
*Calculating the Economic Impact of
Pace University's Athletic Department
University Expenditure
Using Type II Final-Demand Multipliers*



Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., Economic Impact Analysis of the University of Nebraska-Lincoln Athletic Department).

Table 5

*Calculating the Economic Impact of
Pace University's Athletic Department
Fan/Visitor Spending
Using Type II Final-Demand Multipliers*



Multipliers retrieved from the RIMS II Multipliers published by the Bureau for Economic Analysis. Related Industry codes were used, in accordance with comparable research (e.g., Economic Impact Analysis of the University of Nebraska-Lincoln Athletic Department).