



Economic Impact of NSU Athletics

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Nicholls State University Athletics

Economic Impacts at a Glance

- Total Direct Spending associated with NSU Athletics for FY 2003 was \$6.7 million.
- Total Economic Impact (measured in Economic Output or "Sales") is \$8.4 million.
- Gross Regional Product attributed to NSU Athletics and its programs for FY 2003 is \$5.4 million.
- Over five years, NSU Athletics and associated programs contribute \$38.1 million to the local economy.
- In GRP terms, the five-year value of NSU Athletics and its programs is estimated at \$25.2 million.
- Entertainment and Publicity Value is conservatively estimated at \$65 thousand for FY 2003, and \$311 thousand over five years.
- It is estimated that athletic programs bring 322 students to NSU who would not otherwise enroll, nearly 4.5% of the student body.
- These 322 students support approximately 14 faculty positions (based on a 23:1 student-to-faculty ratio).
- The NSU Athletic Department draws 45 administrators, coaches, and support staff to the region.
- Without the NSU Athletic Department, 81 current residents would leave the area by 2007.

Introduction

The Nicholls State University Athletic Department is a significant source of statewide, regional, and national visibility for the university at large. It is also a significant economic force in the region. Presented here are estimates of various economic impacts of NSU Athletics in the seven-parish (Lafourche, Terrebonne, St. Mary, Assumption, St. John, St. James, and St. Charles) region.

NSU Athletics provides a significant economic boost to the region, through spending in the local area by fans, student-athletes, visiting teams, coaches and administrative personnel drawn to the area by Nicholls State's various athletic programs. The athletic competition in football, men's and women's basketball, baseball, softball, women's soccer, volleyball, tennis, men's and women's golf, track and cross country also provide publicity and entertainment value to the University and community.

Estimate of Total Spending

Nicholls State's Athletic programs directly supports 239 student-athletes. It is estimated that these 239 student-athletes draw an additional 43 friends, relatives, and/or siblings to NSU. Furthermore, of the 105 members of the NSU marching band, approximately one-third would have enrolled elsewhere were it not for the existence of the program. Thus, the NSU Athletics and associated programs are directly responsible for attracting 322 students to the Nicholls campus, who in turn support approximately 14 faculty positions.

Spending estimates were derived through various athletic department budget reports, university budget reports, attendance figures, a survey of

spending by NSU student athletes, and conservative estimates of fan and visiting team spending. Spending was further categorized by type (i.e., books, restaurant, grocery, medical, hotel/motel, etc.). It should be noted that the NSU Athletic Department supports 45 full-time employees, including administrators, coaches, and support personnel. Total direct spending in the region associated with NSU Athletics in fiscal year 2003 was over \$6.7 million.

Estimating Economic Impacts

New direct spending by fans, student-athletes, coaches, administrative staff, and by the Athletic Department becomes income for those in the community who, in turn, spend more. In addition, money spent with area businesses often generates additional purchases by area businesses. This ripple effect of direct spending generating additional indirect spending is often referred to as “the multiplier effect.”

Most economic impact studies multiply total direct spending by a simple regional multiplier (as available through the U.S. Department of Commerce’s Bureau of Economic Analysis) to estimate total economic impact. Typically, South Louisiana regional multipliers are around 2.0. Using such an approach, we could suggest that the total economic impact of NSU Athletics for FY 2003 is approximately \$13.4 million (\$6.7 million x 2). While commonly used, such procedures grossly overestimate total impact because they fail to account for the ability of regional economies to “heal themselves” in the face of specific losses.

Rather than simply assign an arbitrary multiplier to the total direct sales, we break down direct spending by source and category and input the resulting

figures into a sophisticated econometric model known as REMI, which in turn forecasts various economic impacts. Estimates with REMI are far more conservative than many less sophisticated impact studies—but are far more reasonable and accurate.

A second common weakness in economic impact studies is the overstatement of direct spending. This occurs when studies count spending by local residents the same as spending by those from outside the regional economy. The methodology used in this study distinguishes between local and non-local spending by excluding spending by local fans from the calculation of total direct spending, as virtually all of these dollars would have been spent locally in some other way in the absence of NSU Athletics. Thus, but for the existence of the Athletic Department and its programs, virtually all of the estimated \$6.7 million in direct spending would leave the regional economy.

A third weakness common to economic impact studies comes from failure to recognize all direct spending tied to the entity being modeled. For instance, in addition to selling tickets and concessions, the Athletic Department and its programs attract many student-athletes, their friends, and other students involved in athletic events (i.e., marching band members) to the NSU campus. Furthermore, the Athletic Department and its programs keep talented student-athletes from leaving the area in search of athletic scholarships and opportunity elsewhere. The methodology used in this study considers these issues.

Economic Impacts of NSU Athletics

Economic impacts derived from the REMI model include Sales (or output), Gross Regional Product (or GRP), and Employment. All of these impacts include any “ripple” or “multiplier” effect from sales that are converted to income and then re-spent in the economy.

Sales refers to the increase in the dollar value of goods and services sold in the area attributed specifically to the Athletic Department. While increases in sales stimulate the regional economy, only a portion of each sales dollar remains in the region. For example, a fan from Baton Rouge who purchases a NSU cap before walking into John L. Guidry Stadium spends \$25 dollars. However, since the cap was not produced here (only the service of making the cap available was), much of that \$25 will be paid out to the manufacturer (say, in Indonesia), and perhaps even a wholesaler in Birmingham, Alabama. So, while Sales is a useful measure of economic activity, it is not necessarily the best measure of economic impact. Gross Regional Product, on the other hand, considers only increases in the amount of goods and services not just sold locally, but *produced* locally, making it a better measure of economic impact. The REMI model also estimates the full-time employment increased in the region as a result of the Athletic Department’s economic activity.

Impact Estimates

The total impact of NSU Athletics on the regional economy, expressed in economic output (sales) is \$8.4 million for FY 2003. Over a period of five years, the impact climbs to a present value of \$38.1 million. The GRP attributed to the NSU Athletic Department and its programs for FY 2003 is \$5.4 million.

Expressed in GRP, the value today of NSU Athletics through FY 2007 (five years) is \$25.2 million. In addition, without the Athletic Department and its programs, a total of 147 area jobs would be lost.

The programs also bring positive regional and national publicity, build awareness of the University and surrounding community, and provide entertainment to the area, things few smaller cities typically receive or could provide. These indirect benefits are estimated conservatively at \$65 thousand for FY 2003, based on a proportion of the market value of print, radio and television media space and time devoted to coverage of NSU Athletics. Through 2007, the present value of publicity and entertainment derived from NSU Athletics is estimated at \$311.5 thousand.