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The Economic Impact of the University of Nebraska-Lincoln Athletic Department

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A Bureau of Business Research Report
From the University of Nebraska–Lincoln

The Economic Impact of the University of Nebraska-Lincoln Athletic Department

Final Report
Prepared for
The University of Nebraska-Lincoln
Athletic Department

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UNIVERSITY OF
Nebraska
Lincoln

Executive Summary

When the University of Nebraska-Lincoln's Memorial Stadium is filled for Cornhusker home games (as it has been for an NCAA-record 268 consecutive times since 1962), millions of dollars of economic activity are generated through ticket sales, broadcast rights, and concession sales. This spending and attendance indicate that Cornhusker football provides a popular, high-quality product that creates a high level of consumer demand. Cornhusker football also creates a large ripple effect in the economies of Lincoln, Omaha, and elsewhere in the state of Nebraska as fans attending Husker games spend at restaurants, hotels, retail stores, gasoline service stations, and other businesses on their way to and from games.

But Memorial Stadium and the Husker football program are just the largest elements in the economic activity generated by the overall UNL athletic department. The department also generates revenue in other sports and expends millions of dollars each year in wages and salaries, benefits, purchases from businesses, and student tuition and housing—in addition to funding major capital construction projects, such as the expansion of Memorial Stadium, without using state tax dollar funding.

This report by UNL's Bureau of Business Research estimates the economic impact from each of these sources during the 2004-2005 fiscal year. Note, however, that the report does not include the impact from fans who spend money in Lincoln on football game days, but do not attend the games. Key findings of the study are summarized below.

Economic Impact on the Lincoln Metropolitan Area

- Athletic department spending and spending by fans who attend UNL home games generate a substantial economic impact on the Lincoln metropolitan area.
 - The overall annual economic impact on the Lincoln area during the 2004-2005 fiscal year was:
 - \$114.3 million in output,
 - \$41.2 million in worker income,
 - 2,840 jobs (one-third of which are athletic department event or concession jobs), and
 - \$595,000 in direct sales tax revenue for the City of Lincoln.
 - The Nebraska football program alone had an economic impact on the Lincoln area of:
 - \$87.1 million in output (including \$35.4 million from fan spending),
 - \$31.2 million in worker income,
 - 2,130 jobs (one-third being concession or event worker jobs), and
 - \$498,000 in direct sales tax revenue for the City of Lincoln.

Growing Economic Impact: More Seats and Home Football Games

- The economic impact from football fan spending will grow in future years as seating capacity is expanded at Memorial Stadium and as the University of Nebraska-Lincoln hosts more home football games.
 - The economic impact estimate for the 2004-2005 fiscal year was based on six home football games (plus the Spring Game). This is an unusually low

number; in most years there are seven games. Further, in future years UNL will regularly host seven home games with a possibility of eight home games.

- At the same time, seating capacity is being expanded at Memorial Stadium. There will be an additional 6,500 seats available each game beginning with the 2006-2007 season.
- More seats and more home football games will allow the economic impact from football fan spending (and the overall impact) to grow in future years.
- The economic impact from football fan spending would grow from \$35.4 million in the 2004-2005 fiscal year to a projected \$44.1 million in the 2006-2007 fiscal year. This is an increase of \$8.7 million, or 25%.
- Simply based on the increase in football games and stadium seats, the overall economic impact of the athletic department also would grow \$8.7 million.

Economic Impact from Capital Construction Project

- Construction to expand seating at Memorial Stadium by 6,500 seats is part of a larger capital construction project that also will include an indoor practice facility and an athletic complex. The economic impact from this construction project over the two-year construction period will be:
 - \$64.8 million in output, and
 - \$27.4 million in worker income.

Impact on the University of Nebraska-Lincoln

- The University of Nebraska athletic department had expenditures of \$56.8 million in the 2004-2005 fiscal year. A substantial share (19%) of athletic department expenditures were payments to other units of the University of Nebraska-Lincoln. Prominent examples include tuition, fees, books and housing for student-athletes, and payments for the university band.
 - These payments accounted for \$10.7 million in the 2004-2005 fiscal year.
 - The University of Nebraska-Lincoln also benefits from the media attention and free publicity that nationally and regionally televised games bring to the University.

Expenditures

- Annual expenditures from the athletic department and fan spending were estimated at nearly \$100 million (\$99.2 million) during the 2004-2005 fiscal year.
 - More than three-quarters of expenditures, \$75.6 million, were related to football.

Statewide Economic Impact

- The athletic department has a substantial statewide economic impact. The statewide impact is felt in Lincoln, but also in Omaha and other Nebraska cities. That statewide impact was presented in a range under alternative assumptions about spending by fans from the State of Nebraska. The lower end of the range assumed that spending by fans from Nebraska would have occurred at other activities in Nebraska if not spent at UNL athletic events (and therefore generates no net economic impact). The upper end of the range assumed that fan spending

would have occurred out of state if not spent at UNL athletic events (and therefore does generate an economic impact).

- The annual economic impact on the State of Nebraska in the 2004-2005 fiscal year was between:
 - \$48.0 million and \$155.1 million in output,
 - \$18.3 million and \$54.4 million in worker income, and
 - 1,250 and 3,580 jobs.

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I. Introduction

Major university athletic programs have a substantial economic impact on their home cities and states. “College towns” benefit from a higher quality of life and increased exposure to regional and national audiences. The excitement of competition and the accomplishments of university teams contribute to the quality of life in the community. UNL teams provide a recreation and entertainment opportunity that, for many people, makes Lincoln and Nebraska a more enjoyable place to live. Lincoln also benefits from public awareness of the city generated by the appearance of Cornhusker teams in approximately 30 national and regionally televised games per year.

There is, however, a further economic impact from university athletic programs that derives from the new jobs and expenditure these programs bring to an area. First, there is substantial local employment and expenditures associated with administering athletic programs and hosting games. Further, spending outside the stadium, arena, or ballpark brings customers to restaurants, retail stores, parking facilities, and hotels. These expenditures create an economic impact in local communities and states where universities are located. Such impacts also are found here in Lincoln and in Nebraska. The exact magnitude of this economic impact depends on a variety of factors, including the origin of a team’s fan base and the average spending of fans on game day. The impact will vary from year to year depending on the number of regular season home games, postseason play, attendance levels, and ticket prices, among other factors. Finally, the size of the impact depends on the magnitude of the “multiplier effect.” This term refers to the ability of an economy to retain new spending that is drawn into the area. In some cases, new money quickly leaves the area, while in other cases the money is re-spent locally, creating even more job and earnings opportunities.

To assess the level of economic impact, the University of Nebraska-Lincoln Athletic Department contracted with the UNL Bureau of Business Research to conduct an economic impact study for the 2004-2005 fiscal year. The study examines the economic impact from two broad categories of expenditures. The first category is the annual expenditures of the athletic program. The second is the expenditure of fans attending University of Nebraska games. The study does not take into account the spending of fans who are in Lincoln on game day but do not attend the game. Recall that because Nebraska football has a NCAA record of sellouts dating back to 1962, many fans accompany family members to Lincoln on game day, but do not have tickets to attend the game. The expenditures of these fans are not counted in this study.

The study examines the expenditures of the athletic department for managing all UNL sports teams and fan spending at the home games of four sports: football, men’s basketball, baseball, and volleyball. The study then considers the economic impact derived from these expenditures. The study further considers the economic impact from current efforts to expand seating at Memorial Stadium, including the economic impact from project construction and the impact due to future increases in fan spending. Further, the study projects the economic impact from football fan spending for the future 2006-2007 season when the stadium expansion will be complete and when the UNL football team will host at least seven home games.

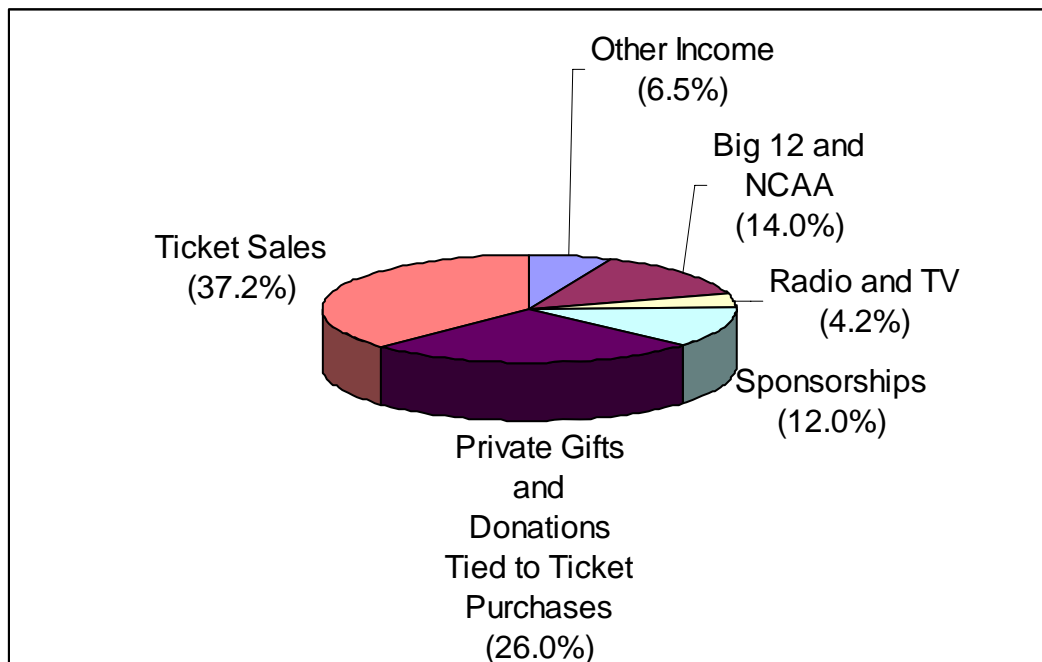
II. Total Expenditures

There are three primary sources of expenditure associated with UNL sports. The first is the direct operational expenditures of the athletic department. The second is expenditures of fans attending UNL home games. Fan expenditures include fan spending away from the stadium or arena at restaurants, gasoline stations, hotels, retail stores, and other businesses. The third source is fans who do not attend UNL home football games but still travel to downtown Lincoln to watch the game and spend money at restaurants, retail stores, and other businesses. This report considers the economic impact from the first two sources: athletic department spending and the spending of fans who attend UNL games. The report does not include the impact from the third source, that is, fans who come to downtown Lincoln on football game days but who do not attend the game.

A. Athletic Department Expenditure and Revenue

The athletic department had annual expenditures of \$56.8 million during the recently completed 2004-2005 fiscal year. Expenditures went to a variety of purposes—employee wages and benefits, team travel, debt services, marketing, expenses related to game day, and recruiting new student athletes. That figure includes \$20.6 million in department, event staff, and concession worker wages, salaries, and benefits paid to approximately 220 full-time athletic department staff, 290 part-time student workers, 500 event staff, and 1,000 concessions staff, of which 800 are paid an hourly wage by the athletic department on game days. The remaining 200 concession workers work to raise money for other organizations. Overall, the UNL athletic department has on its payroll a total of approximately 1,800 unique workers. The athletic department also paid \$1.7 million in state and local sales taxes during the 2004-2005 fiscal year.

Figure 1
Athletic Department Revenues 2004-2005 Fiscal Year



Source: UNL Athletic Department

The revenue to support this expenditure is generated by the athletic department. The department is self supporting and does not receive state funding or student fees. As seen in Figure 1, revenue sources include ticket sales (37.2%), private gifts and donations tied to ticket purchases (26.0%), and distributions from the NCAA and Big 12 (14.0%).

Much of the revenue is generated by the football team. Football ticket sales and concessions account for nearly \$20 million in revenue. The football team also plays a significant role in attracting broadcast revenues, Big 12 conference distributions, and in motivating University of Nebraska Foundation donations. As a major source of revenue, the football team generates enough to cover both football program costs and general expenses for operating the athletic department (i.e., all other expenses not tied to a specific team). Football revenues even underwrite part of the activities of other sports teams. For the purposes of this study, we allocate the expenditures of the football team and all non-team operating costs as being covered by football revenues. This is a conservative approach in the sense that football revenues also underwrite expenditures by other teams. The football team therefore accounts for 73% of athletic department expenditures or \$41.8 million.

i. Payments to Other Units of the University of Nebraska

A substantial share of athletic department expenditures occurs at other units of the University of Nebraska–Lincoln. In other words, the athletic department is a major consumer of University of Nebraska services. Payments by the athletic department to other units of the University of Nebraska–Lincoln accounted for roughly \$10.7 million of the \$56.8 million in total annual expenditure during the 2004–2005 fiscal year or almost 19% of the total. Prominent examples include tuition and support of the university band. The largest portion of this 19% goes toward tuition, fees, books, and housing for student-athletes (\$4.5 million). It should be noted that the athletic department also has helped pay for a number of buildings on campus available for general student body use such as Cook Pavilion and the Recreation Center. The athletic department has done so without using state tax dollars.

B. Fan Expenditure

More than one million fans attend University of Nebraska–Lincoln home games on an annual basis. Each year more than one-half million attend home football games in Memorial Stadium. Fan spending at these games generates substantial expenditure at restaurants, hotels, retail stores, and gasoline stations. Much of this spending by fans occurs outside of the stadium or arena and is not captured in athletic department revenue. This section of the report estimates fan expenditure for four sports: football, men's basketball, baseball, and volleyball. These four sports represent much of fan off-site expenditure during a particular year, but spending by fans attending other sports is not included in this report.

The magnitude of this fan spending is driven by two factors: 1) total attendance at games, and 2) the level of spending per fan.

- *Total Attendance.* The athletic department provided information on attendance at home games. The department provided a count of total home attendance at UNL football, men’s basketball, baseball, and volleyball games during the 2004-2005 season, which are listed below in Table 1. Note that attendance figures for football are based on six home games and the Spring Game (63,000 attendance in Spring 2005). Overall football attendance was 78,000 less than in a typical year with seven home games and 124,000 less than it will be beginning in 2006 when 6,500 additional seats will be added to Memorial Stadium (assuming seven home football games that year).
- *Fan Spending.* The Bureau of Business Research estimated fan spending using a variety of sources. For baseball, the Bureau conducted a survey of fan spending by distributing surveys at two games during the NCAA Regional Baseball tournament held in Lincoln on June 3, 2005 and June 4, 2005. For football, men’s basketball, and volleyball, it was not possible to survey fans at games as this report was developed during the summer. Spending estimates were developed based on fan spending data from recent studies at other major universities.

Table 1
Attendance at Home Football, Men’s Basketball, Baseball, and Volleyball Games During the 2004-2005 Fiscal Year

Sport	Number of Home Games	Total Attendance at Home Games	Share in Attendance from Outside the Lincoln Metropolitan Area
Football ¹	6+Spring Game ¹	529,000 ¹	57%
Men’s Basketball	16	132,000	42%
Baseball ²	29 ²	131,000 ²	42%
Volleyball	17	69,000	37%

Source: University of Nebraska Athletic Department

¹ Attendance figures for football were for just six home games (plus the Spring Game) during 2004-2005. This is an unusually low number. The football team has played seven home games in most recent years. Football game attendance and impact are much greater with seven home games.

² Excludes games in Lincoln as part of NCAA regional tournaments.

i. Fan Expenditure Football Only

For football, it was necessary to develop estimates of fan spending per game using data from recently completed studies for other universities. One interesting finding from this review was that spending per fan depended in large part on how far a fan traveled to attend a college football game. In particular, fans traveling from outside the local area to attend games were more likely to spend on lodging. This is why Table 1 provides an estimate of the share of persons in attendance that live outside of the Lincoln metropolitan area (Lancaster and Seward counties). That share is 57%. These figures were estimated based primarily on the residence of season ticket-holders.¹

Fan spending data were used from four recently completed studies for Louisiana State University, the University of Tennessee, the Ohio State University, and Penn State University. Data from each study were averaged to develop spending estimates for the University of Nebraska.² Data in two studies were based on a survey of fans, while one other study was based on past projects by that author, and the fourth used data developed by the local convention and visitors' bureau. Each study developed estimates of spending for the average fan from outside the local metropolitan area. Spending averages were updated to current dollars using the consumer price index. The average from the studies was spending of \$85.29 per person for fans from outside the relevant metropolitan area. *The figure does not include fan spending on tickets for the game.* The spending estimate was for spending within the metropolitan area where each team played. Roughly one-third of fan spending went toward food, one-quarter toward lodging, one-quarter toward retail, and the remainder toward gasoline, parking, and miscellaneous spending (such as other entertainment). Football fans living within the metropolitan area spent an average of \$46.38 per person (other than tickets). These fan spending estimates are presented in Table 2 below for the major spending categories of food, lodging, retail, gasoline, and parking. Total expenditures also are presented by multiplying spending per fan by the number of fans. Separate results are presented both for fans from outside the Lincoln metropolitan area and for fans from within the area. Note that almost 75% of the fan expenditure is due to persons from outside of the Lincoln metropolitan area.

Spending data are summed to estimate total spending by all fans. Total annual fan spending is estimated at \$36.3 million before adjusting for concessions. Adjustment is necessary because the total expenditure figures in Table 3 include some spending on concessions at Memorial Stadium. This concession spending was already part of the revenue of the athletic department and, therefore, needs to be subtracted so that this spending is not counted twice. The total annual spending by football fans is estimated at \$33.8 million after subtracting concession sales. Off-site football fan expenditure is a critical part of the total expenditure generated by athletic department activities.

¹ All UNL students in attendance were assumed to be from the Lincoln metropolitan area. Tickets made available to the fans of the opposing team were assumed to be used by persons from outside of the Lincoln metropolitan area.

² We developed estimates for parking costs based on cost and ridership of StarTran, parking provided to UNL donors, the assumption of no parking costs for students attending games, and for remaining fans the average cost of parking garages in the area. For remaining fans, 50% of fans from within the metropolitan area were assumed to use free on-street parking rather than a parking garage, while 75% of fans from outside of the metropolitan area were assumed to use a parking garage.

Table 2
 Estimated Fan Spending for University of Nebraska Home Football Games
 2004-2005 Fiscal Year

Type of Spending	Fans from Outside the Lincoln Metropolitan Area		Fans from Inside the Lincoln Metropolitan Area		All Fans
	Spending Per Fan	Spending (302,000 Fans)	Spending Per Fan	Spending (227,000 Fans)	
Food	\$28.82	\$8.7 million	\$22.51	\$5.1 million	\$13.8 million
Lodging	\$20.15	\$6.1 million	\$0.00	\$0.0 million	\$6.1 million
Retail	\$19.04	\$5.8 million	\$14.48	\$3.3 million	\$9.0 million
Gasoline	\$8.09	\$2.4 million	\$4.63	\$1.1 million	\$3.5 million
Parking	\$2.78	\$0.8 million	\$1.51	\$0.3 million	\$1.2 million
Miscellaneous	\$6.41	\$1.9 million	\$3.26	\$0.7 million	\$2.7 million
Gross Total	\$85.29	\$25.8 million	\$46.38	\$10.5 million	\$36.3 million
Adjustment for Concessions		-\$1.4 million		-\$1.0 million	-\$2.4 million
Total		\$24.4 million		\$9.5 million	\$33.8 million

Source: BBR calculations.

Note: Totals may not match sum of column or row due to rounding.

Note that the fan spending estimate for football was based on the six home football games hosted by UNL during the 2004-2005 season (plus the Spring Game). This is less than the seven home games typically held. Further, in future years, Nebraska should always host at least seven home games and will frequently host eight home games. We estimated the off-site fan spending associated with each additional game that might be held. We assumed that attendance at each additional home game would equal approximately 78,000 per game, which was average attendance (excluding the Spring Game) for the 2004-2005 season. The estimates were that:

- Football fan expenditure would be \$5.0 million more, or \$38.8 million, if Nebraska hosted a seventh home football game.
- Football fan expenditure would be \$10.1 million more, or \$43.9 million, if Nebraska hosted an eighth home football game.

ii. Fan Expenditure Men's Basketball, Baseball, and Volleyball

For men's basketball, baseball, and volleyball we utilized the results of our survey conducted at the NCAA regional baseball tournament in Lincoln and men's basketball and other sport spending data from the Ohio State University study. Average per fan spending is presented in Table 3 both for fans from outside the Lincoln metropolitan area and fans from within the area. Per fan spending was \$42.50 for fans from outside the metropolitan area and \$16.67 for fans from within the area.³ Again, *these figures do not include fan spending on game tickets.*

Table 3
Estimated Fan Spending for University of Nebraska Home Baseball, Men's Basketball, and Volleyball Games 2004-2005 Fiscal Year

Type of Spending	Fans from Outside the Lincoln Metropolitan Area		Fans from Inside the Lincoln Metropolitan Area		All Fans
	Spending per Fan	Spending (135,500 Fans)	Spending per Fan	Spending (196,500 Fans)	
Food	\$14.79	\$2.0 million	\$8.11	\$1.6 million	\$3.6 million
Lodging	\$6.66	\$0.9 million	\$0.00	\$0.0 million	\$0.9 million
Retail	\$8.48	\$1.1 million	\$2.37	\$0.5 million	\$1.6 million
Gasoline	\$5.49	\$0.7 million	\$2.46	\$0.5 million	\$1.2 million
Parking	\$0.00	\$0.0 million	\$0.00	\$0.0 million	\$0.0 million
Miscellaneous	\$7.09	\$1.0 million	\$3.73	\$0.7 million	\$1.7 million
Gross Total	\$42.50	\$5.8 million	\$16.67	\$3.3 million	\$9.0 million
Adjustment for Concessions		-\$0.3 million		-\$0.2 million	-\$0.5 million
Total		\$5.5 million		\$3.1 million	\$8.6 million

Source: BBR calculations.

Note: Totals may not match sum of column or row due to rounding.

³ Parking is free at UNL baseball and men's basketball games. Therefore, we assumed a value of \$0 for parking.

Relative to football, however, larger shares of men’s basketball, baseball, and volleyball fans come from within the Lincoln area. We estimate that on average 59% of fans attending home games of these sports came from within the Lincoln metropolitan area, while 41% were from outside the area. Table 3 above shows the combined fan spending estimate for men’s basketball, baseball, and volleyball home games during the 2004-2005 season. As with football, spending estimates are presented separately for fans from within the Lincoln area and fans from outside of the area, along with combined totals.

Total fan spending was estimated at \$9.0 million for the three teams for the 2004-2005 fiscal year. As was the case with football, concession sales need to be subtracted from this amount to avoid double-counting. There was \$452,000 in concession sales. Subtracting concession sales leads to an estimate of \$8.6 million in fan spending (beside tickets and concessions) for the three teams at home games for the 2004-2005 fiscal year.

iii. Overall Expenditure of Athletic Department and Fans

Table 4 shows the overall expenditure of the athletic department and fans attending home football, men’s basketball, baseball, and volleyball games for the 2004-2005 fiscal year. Recall that fan expenditure estimates are conservative because these estimates exclude spending by fans attending games of other UNL sports teams. Total annual spending is estimated at \$99.2 million, with football alone at \$75.6 million.

Table 4
Overall Expenditure for Athletic Department and Fans 2004-2005 Fiscal Year

Category	Total	Football Only	Other Sports
Athletic Department	\$56.8 million	\$41.8 million	\$15.0 million
Fan Spending (excluding concessions)	\$42.4 million	\$33.8 million	\$8.6 million
Total	\$99.2 million	\$75.6 million	\$23.6 million

Source: BBR calculations.

Note: Totals may not match sum of column due to rounding.

III. Economic Impact

Both athletic department expenditure and fan expenditure generate an economic impact on the Lincoln metropolitan area. This impact includes the direct impact of the athletic department and fans attending home games, provided that the expenditures represent new money attracted to the Lincoln area. This direct impact is only a part of the total economic impact, however. There is also a multiplier effect of additional jobs and earnings as money circulates through the Lincoln economy. Figure 2 illustrates the basic approach to conducting economic impact analysis. The direct impact is derived from expenditure estimates, based on the share of expenditure that originates outside of the Lincoln metropolitan area. The multiplier effect is calculated based on the direct impact and added to the direct impact to yield the total impact. In this research, there is an economic impact due to both athletic department and fan spending. Results are presented first for athletic department expenditures and second for fan spending.

A. Impact of the Athletic Department Operations

Athletic department expenditures were reported in Table 4. Total department expenditures for 2004-2005 fiscal year were \$56.8 million, including \$20.6 million in wages and salaries. The estimate of economic impact is derived from these expenditures.

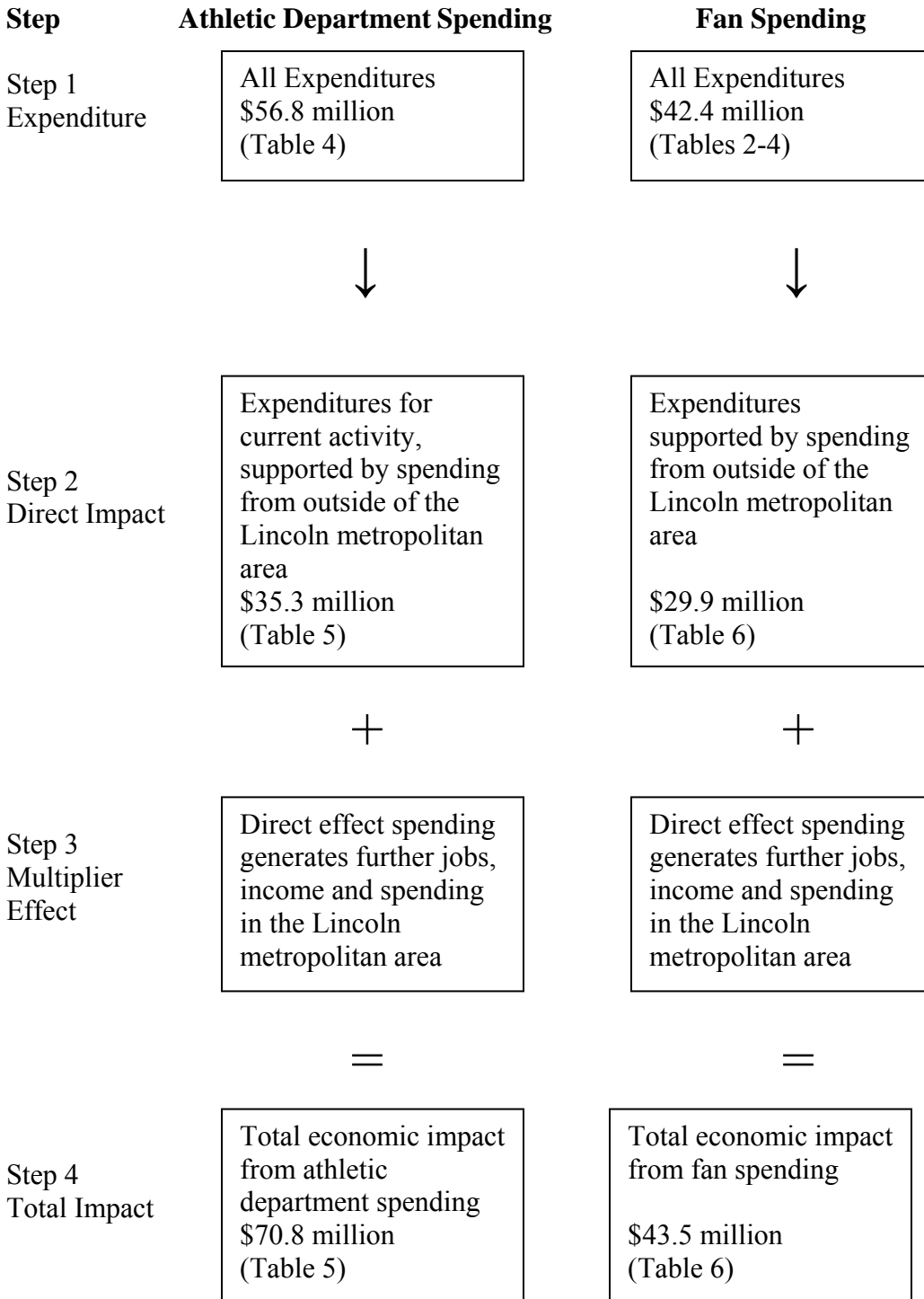
i. Direct Impact

Most athletic department expenditures were associated with economic activity in Lincoln during the 2004-2005 fiscal year. A portion, however, was not. For instance, \$6.6 million of expenditures were debt service payments. Debt service expenditures go to finance past projects rather than current economic activity. We also exclude recruiting costs, which are approximately \$1.0 million, because a significant portion of this spending will occur in other states. Excluding recruiting costs is a conservative assumption, because a portion of this spending does occur in Lincoln. We do include payments for team travel. While much of the travel expenses by the University of Nebraska teams would go out of state, these would largely be compensated as opposing teams playing in Lincoln spend part of their travel budgets in Lincoln. Excluding debt services and recruiting leaves \$49.2 million in current expenditures for the 2004-2005 fiscal year.

A portion of this \$49.2 million in current expenditure is excluded from the direct impact of athletic department operations. This is done because some department revenue originates from within the Lincoln metropolitan area, including the ticket purchases, donations tied to ticket purchases, and concession spending of Lincoln area fans. This conservative approach is tantamount to assuming that all Lincoln area fans would spend their income elsewhere in Lincoln if not at University of Nebraska home games, presumably on other types of local recreation or entertainment. In reality, of course, Lincoln area fans might have spent some of that money attending sporting events in Kansas City or Omaha or taking vacations.

Data presented in Table 1 above indicated the share of fans at UNL home games that are from the Lincoln metropolitan area. The Bureau of Business Research estimated that 43% of fans attending football games and 59% of fans attending men's basketball,

Figure 2
Basic Approach to Economic Impact



baseball, and volleyball games live in the Lincoln metropolitan area. Combining these figures, spending by Lincoln metropolitan area fans on tickets and concessions and donations tied to ticket purchases accounted for 28.3% of all athletic department revenue. 71.8% of revenue came from sources outside of Lincoln. The direct impact of the athletic department on the Lincoln metropolitan area economy is 71.8% of \$49.2 million or \$35.3 million. The direct economic impact of worker earnings is adjusted by the same proportion, as is direct employment. Direct impact results are seen in Table 5.

The same approach also can be used to estimate the direct sales tax impact. The University of Nebraska athletic department paid just over \$1.7 million in state and local sales taxes in 2004-2005 due to ticket, concession, and other taxable sales. One-fifth of these taxes are paid to local government. The local share of this amount is \$343,000. The direct local sales tax impact is 71.8% of \$343,000, or \$246,000.

As indicated earlier, 73% of athletic department expenditures were due to the football team. The direct impact for football is 73% of the direct impact for the athletic department or \$25.8 million. These direct impacts also are seen in Table 5. The football team accounted for just less than \$1.5 million in state and local sales tax payments, yielding local sales tax revenue of 298,000. The direct local sales tax impact is 71.8% of this total or \$214,000.

ii. Multiplier Effect and Total Impact

The multiplier effect occurs as new money brought into the area (the direct effect) by the athletic department supports additional business and employment. Athletic department expenditures at businesses and with other units of the University of Nebraska create employment and earnings opportunities for workers at these workplaces. Likewise, employees of the athletic department spend their income on all the usual types of household expenditure such as housing, insurance, health care, food, apparel, other retail, and entertainment. The result is additional employment, earnings, and output throughout the Lincoln metropolitan area economy.

The multiplier effect was estimated using the IMPLAN PRO software package.⁴ The multiplier was used for the spectator sports industry, though it was adjusted to reflect the wages and salaries paid and employment found at the UNL athletic department. The multiplier is 2 for earnings and output and 1.6 for employment. The multiplier for employment means that there are three additional jobs in the economy for every five jobs in the athletic department. The multiplier effect was added to the direct impact to yield the total impact. The total impact is reported in Table 5 below.

- The total economic impact of athletic department spending is \$70.8 million in output, \$28.5 million in labor income, and 2,090 in total employment.
- The total economic impact of athletic department spending related to football is \$51.7 million in output, \$20.8 million in labor income, and 1,530 in employment.

⁴ The IMPLAN Pro software is used by researchers from throughout the nation. The software can be used to calculate economic multipliers for any county or combination of counties in the United States. Multipliers can be calculated for nearly 500 individual industries.

Table 5
Economic Impact of the UNL Athletic Department Spending on the Lincoln Metropolitan Area 2004-2005 Fiscal Year

Impact Measure	Direct Impact	Total Impact
All Sports		
Output	\$35.3 million	\$70.8 million
Labor Income	\$14.8 million	\$28.5 million
Employment	1,300	2,090
Football Only (6 games + Spring Game)		
Output	\$25.8 million	\$51.7 million
Labor Income	\$10.8 million	\$20.8 million
Employment	950	1,530

Source: BBR calculations.

B. Impact of Fan Spending

Tables 2 and 3 earlier in the report contained estimates of spending (other than spending on tickets and concessions) by fans attending University of Nebraska football, men’s basketball, baseball, and volleyball games. This spending generates an economic impact on the Lincoln area economy.

i. Direct Impact

Only a portion of this expenditure, however, has a direct impact on the Lincoln metropolitan area economy. We again make the conservative assumption that only spending by fans from outside the Lincoln metropolitan creates a direct impact on the Lincoln economy. Data in Table 2 indicate \$24.4 million in spending (after excluding concession spending) by fans from outside the Lincoln area attending home football games. This is the direct impact from fan spending at football games alone and is listed in Table 6. Table 6 also shows the direct impact of fan spending from outside of Lincoln for all four sports, which is \$29.9 million. The direct impacts in terms of employment and labor income are also listed in Table 6. These were calculated based on industry ratios of expenditure to annual employment and expenditure to labor income.⁵ Note that the employment impact estimates are based on the number of full-year jobs that can be supported by the expenditure impact. The employment impact was presented in full-year equivalents in order to make the job figures comparable to full-year jobs in the restaurant, lodging, and retail industries. Game day job impacts would be higher. For example, one restaurant we spoke with increased employment five-fold on football game days.

⁵ Labor income and employment is a modest share of expenditures in retail industries because most of the cost of retail items is tied into the wholesale value, and relatively few of the retail items are manufactured locally.

The sales tax impact also can be calculated based on the direct spending impact of \$29.9 million. Assuming that 90% of metro area spending occurs in Lincoln and noting that the parking fees and gasoline are not subject to sales tax, the \$29.9 million in expenditure will generate an estimated \$349,000 in direct sales tax revenue for the City of Lincoln (given a 1.5% local sales tax rate). The direct sales tax revenue for the City from football fan spending alone was \$284,000.

ii. Multiplier Effect and Total Impact

Table 6 below shows the direct and total impacts of fan spending on the Lincoln metropolitan area. As noted before, the total impact is the sum of the direct impact and the multiplier effect. The multiplier effect occurs as businesses patronized by UNL fans (restaurants, hotels, retail establishments, and gasoline stations) purchase supplies and services from Lincoln area businesses. The multiplier effect also occurs as the employees of these restaurants, hotels, retail or gasoline stations spend their paychecks throughout the community. The multiplier effect was estimated using the IMPLAN Pro software to calculate multipliers for restaurants, lodging, retail, gasoline, and parking. The multiplier effect is 1.5 for earnings and output, but only 1.25 for employment. The multiplier for employment means that there is one additional job in the larger economy for each four jobs in the restaurant, hotel, retail store, and other businesses patronized by fans attending UNL home games.

- The total economic impact of fan spending for football, men’s basketball, baseball, and volleyball was \$43.5 million in output, \$12.7 million in labor income, and 750 jobs.
- The total economic impact of fans spending for football only was \$35.4 million in output, \$10.4 million in labor income, and 600 jobs.

Table 6
Economic Impact of Fan Spending at UNL Home Games on the Lincoln Metropolitan Area 2004-2005 Fiscal Year

Impact Measure	Direct Impact	Total Impact
All Sports		
Output	\$29.9 million	\$43.5 million
Labor Income	\$8.3 million	\$12.7 million
Employment	580	750
Football Only (6 games + Spring Game)		
Output	\$24.4 million	\$35.4 million
Labor income	\$6.8 million	\$10.4 million
Employment	470	600

Source: BBR calculations.

C. Overall Economic Impact

The overall economic impact on the Lincoln metropolitan area is the sum of the impact from athletic department expenditure and the impact from fan spending.

- The overall economic impact across all sports is \$114.3 million, including \$41.2 million in labor income accruing to 2,840 workers (one-third of these jobs are athletic department event or concessions jobs).
- Football alone has an impact of \$87.1 million, including \$31.2 million in labor income based on 2,130 jobs.
- The direct sales tax impact for the City of Lincoln in 2004-2005 is \$595,000 across all sports and \$498,000 for football alone.

Table 7

Overall Economic Impact of Athletic Department and Fans on the Lincoln Metropolitan Area 2004-2005 Fiscal Year

Impact Measure	Overall Economic Impact
All Sports	
Output	\$114.3 million
Labor Income	\$41.2 million
Employment	2,840
Football Only (6 games + Spring Game)	
Output	\$87.1 million
Labor income	\$31.2 million
Employment	2,130

Source: BBR calculation.

D. Economic Impact of Additional Home Football Games

Note that these annual impact estimates were based on the 2004-2005 fiscal year, a season when Nebraska hosted only six home football games (plus the Spring Game). In future years, Nebraska will always host seven home games and will possibly host eight home games. As a result, the athletic department's economic impact will be even higher in these future years. We estimated that additional economic impact based on the expected increase on fan spending from an additional 78,000 fans at each additional home game. We also consider the impact from earnings of event and concession workers at each additional game, but we conservatively assumed no other increases in athletic department expenditures despite increased revenue.

- The economic impact would have been \$5.5 million more, or \$119.8 million a year, if Nebraska hosted seven home football games.
- The economic impact would have been \$11.1 million more, or \$125.4 million a year, if Nebraska hosted eight home football games.

E. Economic Impact of NCAA Baseball Regional Tournaments

The University of Nebraska-Lincoln baseball team won enough games during the 2004-2005 season to be eligible to host two NCAA regional baseball tournaments at the end of the season. The first was a double elimination tournament involving four teams and the second was a best of three game match-up between UNL and the University of Miami. These tournament games were well attended and generated an additional economic impact on the Lincoln metropolitan area. Attendance was approximately 42,000 in total during five UNL games over two weekends.

We estimated fan expenditure at the games via a survey BBR conducted at two NCAA regional tournament games on June 3, 2005 and June 4, 2005. Surveys were conducted at each entrance gate to the stadium for 1½ hours before one or the other game began. We obtained more than 200 completed surveys for parties that accounted for over 530 fans. Fans from outside of the Lincoln metropolitan area spent an average of \$35.57 per person per day.

The economic impact from the tournament was estimated based on assuming that half of fans (21,000 of 42,000) were from outside of the Lincoln metropolitan area. This was done because survey results indicated a larger share of fans from outside of the Lincoln area than the 42% during the regular season. Table 8 shows the direct impact from fan spending of \$0.7 million. The total economic impact of the tournament was \$1.1 million, including \$0.3 million in labor income.

- The NCAA regional baseball tournaments held in Lincoln during June 2005 generated an economic impact of more than \$1 million for the Lincoln metropolitan area.

Table 8
Economic Impact on the Lincoln Metropolitan Area from Two NCAA Regional Baseball Tournaments Held in Lincoln during June 2005

Impact Measure	Direct Impact	Total Impact
Output	\$0.7 million	\$1.1 million
Labor Income	\$0.2 million	\$0.3 million
Employment	15	20

Source: BBR calculations.

IV. Expanding Memorial Stadium by 6,500 Seats

Construction is underway to expand seating capacity at Memorial Stadium by 6,500 seats. This will yield new ticket sales for the athletic department beginning with the 2006-2007 season. This section estimates the impact of the project.

A. Ticket Sales and the Construction Impact

The athletic department will receive additional revenue each year from ticket sales and donations due to the expanded seating in Memorial Stadium. This new revenue, however, is not expected to support new annual expenditure such as new department programs. Instead, the new annual revenue will pay off bonds issued to fund the current construction project at Memorial Stadium. The project includes the stadium expansion and the construction of an adjacent indoor practice facility and athletic complex. Discussions with athletic department staff indicate that donations and ticket sales will be sufficient to pay for roughly 70% of the \$50 million dollar capital construction project, with the remaining costs of the project covered by private donations. The athletic department will receive no state tax dollars to support this construction. Because new annual ticket revenues are earmarked for capital construction, the appropriate way to examine the economic impact of this new revenue is to consider the economic impact of the construction project. The construction project will cost approximately \$50 million and will occur primarily during a two-year period. As seen in Table 9, the total economic impact over two years will be \$64.8 million, including \$27.4 million in labor income. The total economic impact is 400 jobs per year on average over a two-year period.

Table 9
Economic Impact of the Stadium Expansion Capital Construction Project
on the Lincoln Metropolitan Area

Impact Measure	Direct Impact	Total Impact
Output	\$50.0 million	\$64.8 million
Labor Income	\$21.1 million	\$27.4 million
Jobs (lasting two years)	310	400

Source: BBR calculations.

B. Annual Impact from Fan Spending and Additional Event Staff

The stadium expansion also will generate an economic impact in future years as fans fill the additional 6,500 seats. This additional annual impact will occur due to off-site spending by fans at restaurants, hotels, retail stores, and gasoline stations. The impact of fan spending may be estimated using the same approach used earlier in the report. In particular, the additional attendance should be multiplied by average fan spending per person at football games to estimate the total increase in fan spending. With the 6,500 seat stadium expansion, there would be roughly 45,500 additional fans in attendance each year over seven home games. We would expect an additional \$2.9 million in fan spending (other than tickets and concessions) over the course of the year due to the additional fans. If past attendance patterns persist, we estimate that \$2.1 million will be due to fans from outside the metropolitan area. The athletic department also would need

to employ another 90 event and hourly concession staff to serve the additional seats. Table 10 provides the estimated economic impact on the Lincoln metropolitan area from \$2.1 million in direct impact, including the additional event and concession employment. The annual economic impact from football fan spending, and the overall economic impact of the athletic department, will rise by \$3.2 million once the stadium expansion is complete.

Table 10
Annual Economic Impact from Fan Spending and Additional Event Staff on the Lincoln Metropolitan Area Due to Memorial Stadium Seat Expansion

Impact Measure	Direct Impact	Total Impact
Output	\$2.1 million	\$3.2 million
Labor Income	\$0.6 million	\$0.9 million
Employment	95	110

Source: BBR calculations.

C. Projected Impact from Football Fan Spending and Additional Event Staff for 2006-2007 Season

Attendance for home UNL football games will reach a new plateau during the 2006-2007 season. The stadium expansion of 6,500 additional seats will be completed for that season. An expanded schedule allowed by new NCAA legislation will permit the possibility of up to eight home games for UNL football, and at least seven home games will be played. This section projects what the economic impact of UNL football fan spending will look like beginning in the 2006-2007 season assuming seven home games. We further assume that average spending by UNL football fans per person will stay at current levels and that there will be sufficient unmet demand for tickets to UNL home games that additional seats and games will sell out. Projections in Table 11 show that the annual economic impact from football fan spending will rise by \$8.7 million from \$35.4 million in 2004-2005 to \$44.1 million in 2006-2007 once the additional seating is occupied and the season is expanded to seven home games. This is a 25% increase in the impact of football fan spending. Additional seats and games also would raise the overall athletic department impact by \$8.7 million in 2006-2007.

Table 11
Projected Economic Impact of Football Fan Spending and Additional Event Staff

Impact Measure	Impact 2004-2005 Fiscal Year	Projected Impact 2006-2007 Fiscal Year
Output	\$35.4 million	\$44.1 million
Labor income	\$10.4 million	\$12.9 million
Employment	600	800

Source: BBR calculations.

V. Economic Impact on State of Nebraska

The UNL athletic department has a statewide impact on the Nebraska economy. While we are not able to break out the impact for specific communities such as Omaha, this section of the report presents a range of estimates of the statewide economic impact based on alternative assumptions about whether ticket purchases, game day spending, and donations by fans who live in Nebraska create an economic impact on the state. The finding is that the annual statewide economic impact on Nebraska was between \$48.0 million and \$155.1 million during the 2004-2005 fiscal year. Note that this estimate only included the spending of fans that attend UNL games and did not include the spending of fans who gather to watch the game in homes or in restaurants throughout Nebraska.

We estimate economic impact first under the conservative assumption that ticket spending and donations tied to ticket purchases and off-site spending from fans who live in Nebraska does not contribute an economic impact to the state. This was the same conservative assumption made for fans from the Lincoln area when calculating the economic impact of UNL athletics on the Lincoln metropolitan area. This approach assumes that all fan spending (ticket purchases, donations tied to ticket purchases, concessions, and off-site spending) for attending UNL home games would have been spent in Nebraska in any case, presumably on other recreation and entertainment.

We also provide a second impact estimate under an optimistic assumption. In that scenario, we assume that all spending and donations from fans living in Nebraska contributes to an economic impact for the state. In other words, fans attending UNL home games would have spent all of their money out of state if not spending it at UNL home games. For example, fans that live in Nebraska would have instead spent money attending sporting events in Kansas City or during out-of-state vacations.

Reality lies somewhere between the conservative and optimistic assumptions. If attending UNL home games were not an option, fans likely would have directed a portion of their ticket purchases, game-day spending, and donations toward other recreation and entertainment within Nebraska and a portion out of state. The precise portions are uncertain, however. Results therefore will be presented in a range. At the low end of the range is the impact under the conservative scenario, while at the high end of the range is the optimistic scenario. Upper and lower bounds of the range are presented below.

A. Conservative Estimate

Conservative estimates work on the assumption that spending on tickets and concessions as well as donations by Nebraska residents do not contribute to the economic impact on Nebraska. Under this conservative approach, 56% of athletic department expenditure would be supported by state residents, primarily through purchases of tickets and concessions and through donations. The remaining 44% of revenue would come from out of state, primarily due to licensing, broadcasting, NCAA and Big 12 distributions, and out-of-state fans attending games. Revenue from out-of-state sources would support an economic impact on the state under the conservative approach. Applying this 44% to the previous estimate of \$49.2 million in current athletic department expenditures, the direct impact is \$21.6 million (see Table 13). There is also a direct impact in terms of

sales tax. Recall that the UNL athletic department paid \$1.7 million in state and local sales tax during the 2004-2005 fiscal year, 80% of which goes for state sales taxes. Applying 44% yields a direct state sales tax payment of \$603,000.

Table 12 also shows the estimated direct impact from off-site fan spending on Nebraska. The conservative assumption is to count only spending by fans from outside of Nebraska. Roughly 12% of fans attending a UNL football game and 3.0% of fans attending men's basketball, baseball, and volleyball games were from outside of Nebraska.

Table 12
Overall Economic Impact of the Athletic Department and Fans on State of Nebraska 2004-2005 Fiscal Year: Conservative Approach

Impact Measure	Direct Impact	Total Impact
Athletic Department		
Output	\$21.6 million	\$39.3 million
Labor Income	\$9.0 million	\$15.8 million
Employment	800	1,110
Off-Site Spending		
Output	\$5.7 million	\$8.7 million
Labor Income	\$1.6 million	\$2.5 million
Employment	110	140
Overall Impact		
Output		\$48.0 million
Labor Income		\$18.3 million
Employment		1,250

Source: BBR calculations.

The first column of Table 12 reports the direct impact of \$5.7 million from off-site fan spending on the State of Nebraska under the conservative assumption. There is also a direct sales tax of 5.5% on the taxable portions of this \$5.7 million expenditure in the restaurant, retail, and lodging industries. This sales tax impact is \$269,000.

Statewide economic multipliers for Nebraska are applied to these direct impact estimates. The statewide economic multipliers also were calculated using the IMPLAN Pro software package. The total impact reported in Table 12 is the sum of the direct and the multiplier effect. The overall economic impact on Nebraska from both athletic

department expenditure and off-site fan spending was \$48.0 million under the conservative approach. That impact included \$18.3 million in worker income based on 1,250 jobs. The direct impact in state sales tax would equal \$872,000.

B. Optimistic Estimate

The optimistic estimate works on the assumption that all ticket purchases, game day spending, and donations by fans who live in Nebraska contribute an impact on the state economy. Under this optimistic assumption, 100% of annual athletic department expenditures (less costs for debt service and recruiting) would contribute a direct impact on the state. Similarly, 100% of off-site fan expenditures (less concessions) would contribute to the statewide economic impact (Table 4).

The first column of Table 13 shows these direct impacts on the State of Nebraska under the optimistic approach. The second column shows the total impact. Under the optimistic approach, the overall economic impact on Nebraska from both athletic department expenditure and fan spending would be approximately \$155.1 million. That impact includes \$54.4 million in worker income based on nearly 3,580 jobs. The direct impact in state sales tax would equal \$3,379,000.

Table 13
Overall Economic Impact of the Athletic Department and Fans on State of Nebraska 2004-2005 Fiscal Year: Optimistic Approach

Impact Measure	Direct Impact	Total Impact
Athletic Department		
Output	\$49.2 million	\$89.3 million
Labor Income	\$20.6 million	\$35.9 million
Employment	1,810	2,520
Off-Site Spending		
Output	\$42.4 million	\$65.8 million
Labor Income	\$11.3 million	\$18.5 million
Employment	800	1,060
Overall Impact		
Output		\$155.1 million
Labor Income		\$54.4 million
Employment		3,580

Source: BBR calculations.

C. Range of Impact Estimates

Table 14 below summarizes economic impact estimates for the State of Nebraska under the conservative and optimistic approaches. As mentioned above, these two approaches bracket an impact range. The statewide economic impact falls within this range. The statewide economic impact of the athletic department on Nebraska is between:

- \$48.0 to \$155.1 million in output,
- \$18.3 million to \$54.4 million in worker income, and
- 1,250 to 3,580 jobs

Table 14
Overall Economic Impact of the Athletic Department and Fans on State of Nebraska 2004-2005 Fiscal Year Under Conservative and Optimistic Approaches

Impact Measure	Conservative	Optimistic
Overall Impact		
Output	\$48.0 million	\$155.1 million
Labor Income	\$18.3 million	\$54.4 million
Employment	1,250	3,580

Source: BBR calculations.

VI. Summary

The University of Nebraska athletic department is a significant employer in Lincoln. The department had a payroll of \$20.6 million during the 2004-2005 fiscal year and employed 220 full-time staff, 290 student workers, 500 event staff, and 800 paid concession workers. The athletic department also is a key part of the Lincoln tourism industry. Home games of UNL teams attract hundreds of thousands of visitors each year to the Lincoln metropolitan area.

In addition to these community impacts, the athletic department generates benefits for the University of Nebraska as a whole. Athletic department expenditures include more than \$10 million spent on tuition and purchases of services and support of other units of the University of Nebraska-Lincoln. The department recruits student-athletes from across the country. The athletic department also generates substantial media attention for the University, the City of Lincoln, and the State of Nebraska through approximately 30 appearances each year of Cornhusker teams on national and regional television.

This report estimated the overall economic impact of the UNL athletic department in the recently completed 2004-2005 fiscal year. The University of Nebraska athletic department, through its own spending and the off-site spending of UNL fans, generated local expenditures of nearly \$100 million in the 2004-2005 fiscal year. The overall economic impact on the Lincoln metropolitan area including the multiplier effect was \$114.3 million for the year. This impact includes over \$41 million in labor income spread

over 2,800 jobs. Roughly one-third of this employment would be athletic department event and concession jobs. Much of this overall economic impact was generated by the football program. Football alone generated an impact of \$87.1 million on the Lincoln metropolitan area, including \$31.2 million in worker income. These estimates are conservative in that the estimates do not include the impact of fans who do not attend home football games but who still travel to downtown Lincoln to watch the game and spend money on home football game days.

The economic impact of football fan spending and the overall impact of the UNL athletic department will grow rapidly over the next few years. The number of home football games for UNL should rise from six in 2004-2005 to seven in future years, with a possibility of eight home games beginning in the 2006-2007 season. At the same time, the seating capacity is being expanded at Memorial Stadium. The number of fans will grow by 6,500 per game beginning in the 2006-2007 season. Increased attendance and more games will lead to a growing economic impact from football fan spending. BBR projected how much the economic impact from football fan spending would increase for the 2006-2007 fiscal year, the first year when the expanded seating will be available (we assumed seven home games would be held that season). The estimate was that the economic impact from football fan spending would rise from \$35.4 million in the 2004-2005 fiscal year to \$44.1 million in the 2006-2007 fiscal year. This is a \$8.7 million increase, or 25%.

The UNL athletic department has a substantial statewide economic impact. That statewide impact was presented in a range under alternative assumptions about spending by fans from the State of Nebraska. The lower end of the range assumed that fan spending would have occurred at other activities in Nebraska if not spent at UNL athletic events (and therefore generates no net economic impact). The upper end of the range assumed that all fan spending would have occurred out of state if not spent at UNL athletic events (and therefore does generate an economic impact). The annual statewide economic impact on Nebraska in the 2004-2005 fiscal year was between \$48.0 million and \$155.1 million, and between \$18.3 million and \$54.4 million in worker income.

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Appendix

About the Bureau of Business Research

The Bureau of Business Research is a leading source for analysis and information on the Nebraska economy. The Bureau conducts both contract and sponsored research on the economy of Nebraska and its communities including: 1) models of the structure and comparative advantage of the current economy; 2) economic, fiscal, and demographic outlooks, and 3) assessments of how economic policy affects industry, labor markets, infrastructure, and the standard of living. The Bureau also competes for research funding from federal government agencies and private foundations from around the nation and contributes to the academic mission of the University of Nebraska-Lincoln through scholarly publication and the education of students.

Key Personnel

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Dr. Thompson is the Director of the Bureau of Business Research and an Associate Professor of Economics at the University of Nebraska-Lincoln. Dr. Thompson has conducted numerous economic impact studies on the recreation and tourism industry. In his previous employment, Dr. Thompson served as the Director of the Center for Business and Economic Research and a Research Associate Professor of Economics at the University of Kentucky. Dr. Thompson received his Ph.D. in agricultural economics from the University of Wisconsin-Madison in 1992. His research fields include regional economics, economic forecasting, and state and local economic development. His research has been published in *Regional Science and Urban Economics*, the *Journal of Regional Science*, *Regional Studies*, the *Journal of Cultural Economics*, and the *Economic Review of the Federal Reserve Bank of Cleveland*.