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on the El Paso Economy

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Introduction

In the fall of 2002, the Institute for Policy and Economic Development (IPED) completed an analysis of the Economic Impact of the University of Texas at El Paso (UTEP) on the regional economy. The study concluded the following:

- UTEP's presence increases annual local sales and personal income by \$349 and \$228 million, respectively.
- Adds 4,871 jobs to the region.
- Expands the credit base of local depository institutions by \$35 million.
- Increases the global stock of human capital (i.e., earnings' stream) by \$838 million per 2,000 UTEP graduates.
- Generates some impressive benefit to cost ratios. For example:

Increased Sales Volume to Net Local Government outlays supporting UTEP presence = 21 to 1.

UTEP – Related Income to UTEP State Government Funding = 3 to 1.

Incremental Global Human Capital to UTEP State Government Funding = 15 to 1.

This study clearly established the significance of UTEP to the region. At the time, the impact analysis did not consider the impact of visitors attracted to the region by UTEP via sporting and other ticketed events or the impact of UTEP retirees in the region. This report presents the results of IPED's economic impact analysis of visitors to UTEP as a follow-up to the original study (For a copy see iped.utep.edu/reports).

Methodology

Visitors to UTEP from outside of El Paso County were surveyed in the fall of 2002 while they attended various ticketed events. Specifically, 400 responses were

generated from attendees to three football, three basketball games, and five concerts. Individuals were asked to identify their state/county of residence, the length of their visit to El Paso and their expenditures on food, lodging, entertainment and local transportation during their stay (A copy of the survey is available upon request).

In addition, the Athletic Directors (ADs) from the nine Western Athletic Conference (WAC) members were surveyed in the spring of 2003. The WAC ADs were asked to report the expenditures of their athletic teams and staff during their visits to El Paso. In particular, the ADs reported spending levels for eight men's and women's athletic teams ((A copy of the survey is available upon request).

Given the expenditures identified in the two surveys noted above, the direct economic impact along with the indirect or multiplier effects on the region's business volume and employment level are calculated. The multipliers utilized in this report are derived from IPED's Regional Impact Model or IPED RIM.¹

Data and Analysis

Visitors to UTEP Ticketed Events

Table 1 reveals the nation/state/county of residence of the 400 responses of visitors to a UTEP event. The table reveals the following:

- Over 47 percent of visitors (that is, individuals living outside of El Paso County) are from New Mexico. Of these, almost 70 percent reside in Las Cruces or Alamogordo.
- Of the Texans visiting a UTEP event, the county of residence reveals a fairly wide pattern. Over 40 percent traveled from the major metropolitan areas over the state: Austin, Dallas-Ft. Worth, Houston, and San Antonio. Another 25 percent reside in the North-South "corridor" immediately east of El Paso: Lubbock, Midland/Odessa, Ft. Stockton, and Van Horn.

¹ Referred to in the original entry as the Caffrey-Isaacs Impact Model or CIM).

- Approximately 16 percent of UTEP visitors are from Mexico with over 95 percent of these individuals from Cd. Juárez. As a note, Cd. Juárez attendees to UTEP events are considered as visitors to the El Paso economy under the assumption that, in the absence of a UTEP event, they would have spent funds in Cd. Juárez on some sort of entertainment.²

Table 2 provides data with respect to some of the characteristics of the visitor “group” traveling to El Paso. Specifically:

- Over 80 percent of visitors drive to El Paso. Roughly 15 percent fly into the city.
- Approximately 35 percent of visitors travel 50 miles or less to El Paso. Another 20 percent come into the area from more than 500 miles.
- The “mode of transportation” and “distance traveled” data is consistent with the survey results concerning the residence of visitors as reported in Table 1.
- Over 85 percent of visitors are adults (age 18+).
- Of special interest with respect to determining the economic impact of visitors is the average size of the group; 2.52 in this case.

Table 3 reports additional information concerning lodging, length of stay, and expenditures of visitor groups. The data reveals the following:

- Approximately 50 percent of visitors do not stay overnight in El Paso; a figure consistent with previously reported data on “location of residence” and “distance traveled.”
- Of those staying in El Paso, the average stay is slightly more than one night (1.27) and one-and-a-half days. There is an even split between those staying in a hotel/motel versus those staying with friends/relatives.
- Expenses by the visitor group are also revealed in this table. Overall, the entire party spent \$145 per person ($\$365 \div 2.52$) during their visit to the area.

Spending by visitors to UTEP ticketed events can be used to determine the economic impact upon local business activity and the employment level in the region. A

² A complete file containing responses to this and all survey questions is available from IPED.

benchmark value of 25,000 annual visitors is employed in our calculations; a figure believed to be reasonable, if not conservative. Specifically, consider the fact that there are over 90 ticketed events at UTEP per year, comprised of 35 to 40 football and men/women's basketball games; 50 or more other events, 25-plus of which are concerts. The recent Fleetwood Mac concert attracted an estimated 1,045 out-of-area attendees alone.³

The annual, direct impact upon business revenues is calculated to be \$3,625,000. The total impact is estimated at \$7,975,000. In addition, the yearly influx of 25,000 visitors to the region generates 111 additional jobs in the region.

Athletic Teams Competing in El Paso

Table 4 reports the information received from WAC Athletic Departments whose teams visited El Paso during the 2002 calendar year. Of the nine schools contacted, six responded with usable data. Responses covered eight major men's and women's sports. Information gathered included the size and composition of the visiting team; total per diem, hotel, and any other expenses per visit/event while in the region; and the total number of events in each sport for the year. The table reveals the following:

- Men's football teams spend the highest amount per event in El Paso. This result is driven by the size of the visiting party along with the fact that many teams will stay overnight in El Paso.
- Men's Basketball, Track/Cross Country and Women's Basketball, Track, and Volleyball generally fall into a second group in terms of total expenditures per event.
- Women's Soccer and Tennis are in the lowest spending category.

³ Data provided by UTEP's Athletic Department and Office of Special Events.

The total dollars spent per event in each sport is multiplied by the number of annual events in El Paso to determine the direct economic impact of a given sport on the local economy. Then, using the IPED-RIM model, the total economic impacts (including direct plus the indirect/multiplier effects) on business revenues and employment levels are calculated for the athletic teams. The results are presented in Table 5 for Football, Basketball (men and women), Track/Cross Country (men and women), and all other women's sports.

The total impact of all visiting athletic teams on local business volume is \$1,227,656 per year. Expenditures of these visiting teams generate an additional 17 jobs in the region.

Summary

This report estimates the economic impact of visitors to UTEP ticketed events and athletic teams competing in El Paso on the local economy. Specifically, the direct and indirect/multiplier effects on business revenues, employment levels are determined. Table 6 summarizes the estimates of these impacts for the groups noted. Overall, the effect on business volume totals **\$9,202,656** and the incremental impact is **128 jobs**. These figures are in addition to the \$348 million impact on business revenues, the increase of 4,871 jobs, and an increased credit base of \$35 million reported in the 2002 IPED study.

Table 1
Visitors to UTEP Ticketed Events: State/Nation/County of Residence

<u>State/Nation of Residence</u>	<u>Percentage</u>
Texas	21.2
New Mexico	47.1
Mexico	15.6
Arizona	2.8
California	3.3
Other	10.0

If Resident of Texas: County of Residence

Austin	6.3
Bexar (San Antonio)	12.7
Brewster	7.9
Dallas	6.3
Harris (Houston)	9.5
Hudspeth	6.3
Lubbock	3.2
Midland	4.8
Pecos (Ft. Stockton)	3.2
Tarrant (DFW)	4.8
Travis (Austin)	3.2
Other	31.8

If Resident of New Mexico: County of Residence

Bernalillo (Albuquerque)	6.4
Dona Ana (Las Cruces)	60.9
Otero (Alamogordo)	8.3
Other	24.4

If Resident of Mexico: City/State of Residence

Ciudad Juárez, Chihuahua	95.7
Other Chihuahua cities	4.3

**Table 2
Characteristics of Visitor Group**

<u>Number in Party (average)</u>	2.52
<u>Adults (Age 18+) in Party (Percentage)</u>	85.2
<u>Mode of Transportation to El Paso</u>	<u>Percentage</u>
Air	15.8
Bus	1.1
Personal Vehicle	82.9
Train	0.3
<u>Distance Traveled to El Paso</u>	
50 miles or less	36.9
51 – 250 miles	28.3
251- 500 miles	14.6
Over 500 miles	20.3

**Table 3
Lodging, Length of Stay and Expenditures of Visitor Group**

<u>Lodging while in El Paso</u>	<u>Percentage</u>
Hotel/Motel/Other Rental	25.5
Residence of Friends/Relations	26.3
Not staying Overnight	48.2
<u>Number of Days Spent in El Paso (Average)</u>	1.50
<u>Number of Nights Spent in El Paso (Average)</u>	1.27
<u>Entire Party's Expenses during Stay In El Paso</u>	<u>(Median \$)</u>
Lodging	\$88
Entertainment	\$126
Food & Drink	\$38
Transportation in El Paso	\$38
Other	\$75

Table 4
Characteristics of Athletic Teams Competing in El Paso, 2002

	Men's Football	Men's Basketball	Women's Basketball	Men's Track/ Cross Country	Women's Track	Women's Soccer	Women's Volleyball	Women's Tennis
Number of Events ¹	5	17	15	7	7	10	11	7
Size of Visiting Parties	99	21	22	30	41	22	17	12
Athletes	62	13	13	24	33	18	12	8
Coaches	11	4	6	4	3	2	3	2
Support Staff	17	3	4	2	5	2	2	2
Other	9	1	0	0	0	0	0	0
Total Per Diem Expenses	\$5,806	\$992	\$1,629	\$840	\$1,148	\$545	\$991	\$336
Total Hotel Expenses	\$10,860	\$2,801	\$1,722	\$3,450	\$4,715	\$1,203	\$1,237	\$1,380
Total "Other" Expenses	\$36,419	\$528	\$805	\$600	\$820	\$600	\$1,283	\$240
Total Expenses	\$53,085	\$4,321	\$4,156	\$4,890	\$6,683	\$2,348	\$3,511	\$1,956

1. Data provided by UTEP Athletic Department.

Table 5
Business Volume and Employment
Business Impacts of Visiting Athletic Teams

<u>Event</u>	<u>Business Volume</u>	<u>Employment</u>
Football	\$583,935	8
Basketball	\$298,753	4
Track/Cross Country	\$178,224	2.5
Other Women's Sports	\$166,744	2.5
Total	\$1,227,656	17

Table 6
Economic Impact of Visitors to UTEP Ticketed Events
and Athletic Teams Competing in El Paso

Visitors to UTEP Ticketed Events(per 25,000 visitors annually)

Incremental Business Volume	\$ 7,975,000
Incremental Employment	111

Visiting Athletic Teams

Incremental Business Volume	\$1,227,656
Incremental Employment	17

Total Economic Impact

Business Volume	\$9,202,656
Employment	128