

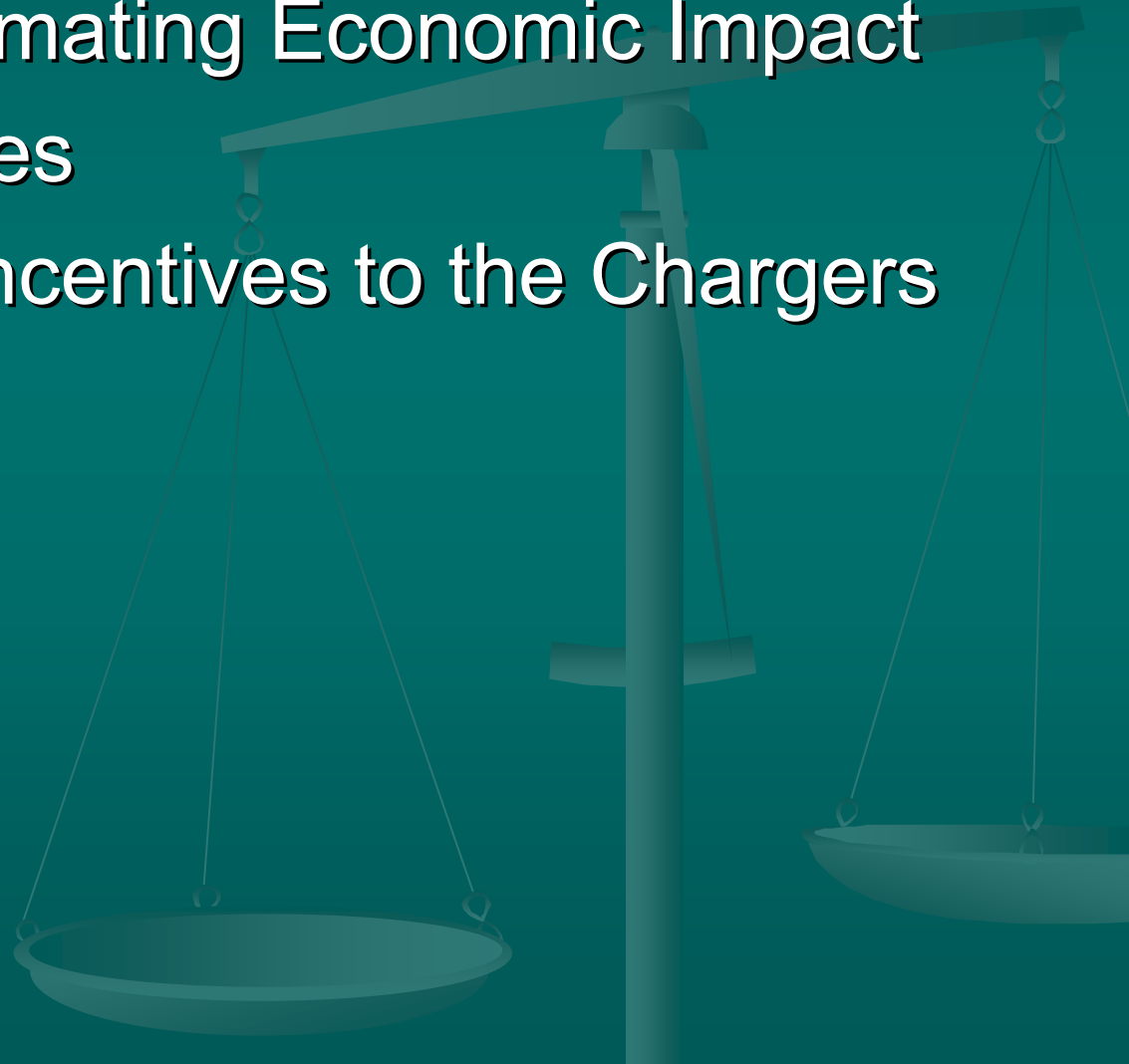
Estimating the Impact of the San Diego Chargers to the local economy



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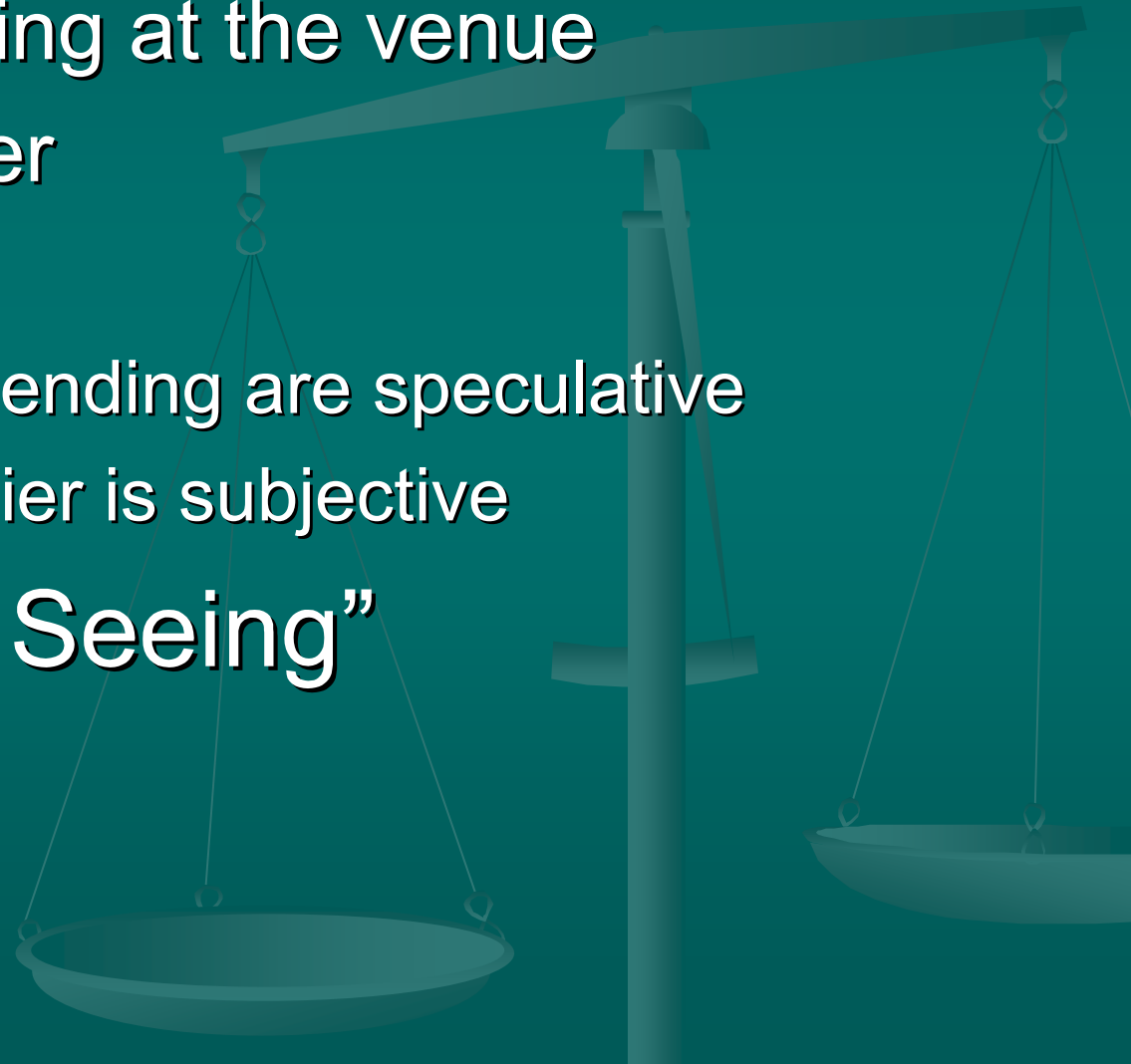
Itinerary

- Methods of Estimating Economic Impact
- Results of studies
- Guidelines for incentives to the Chargers



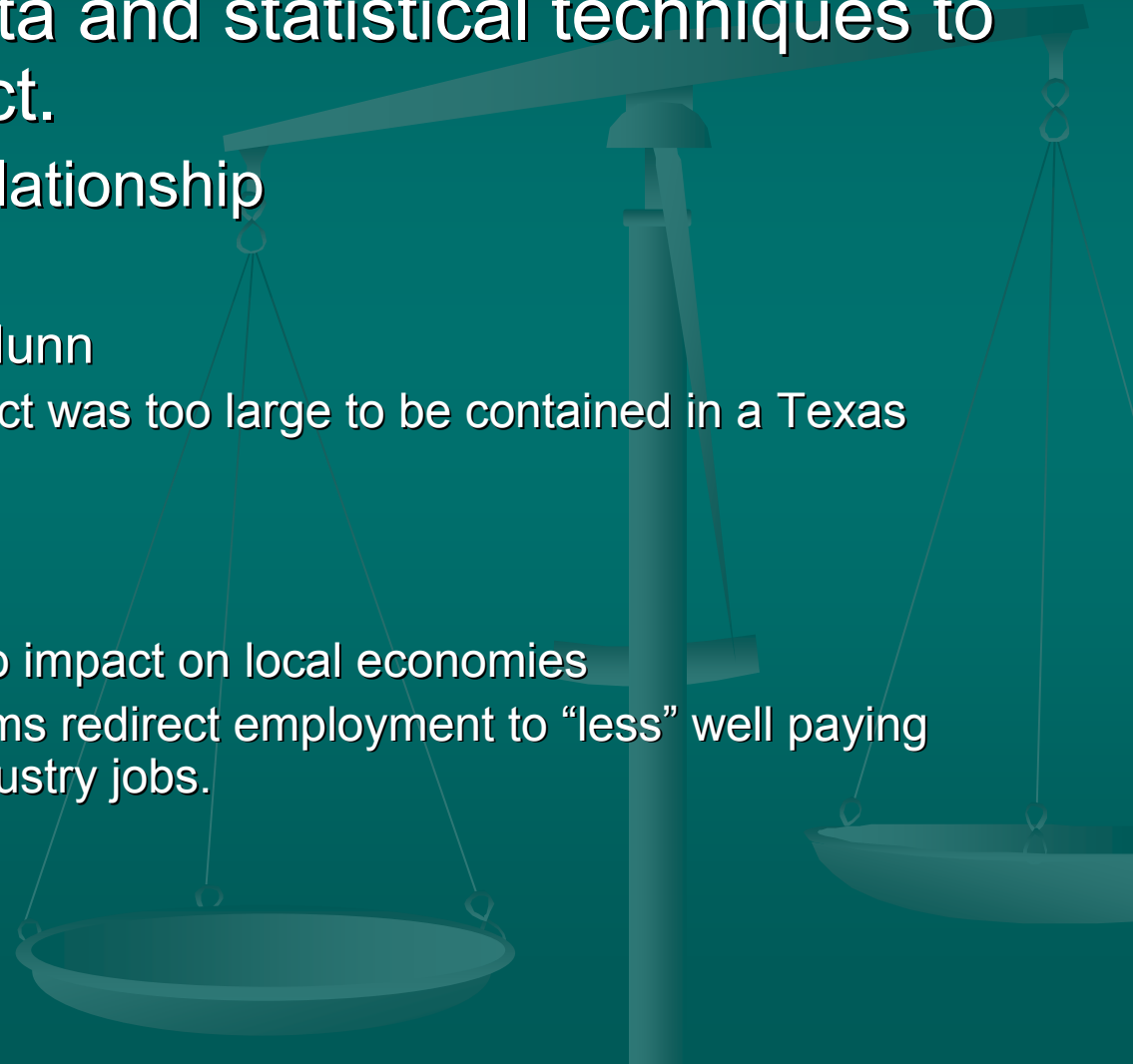
The “Projection” Method

- Estimate spending at the venue
- Apply a multiplier
- Problems
 - Estimates of spending are speculative
 - Value of multiplier is subjective
- “Believing is Seeing”

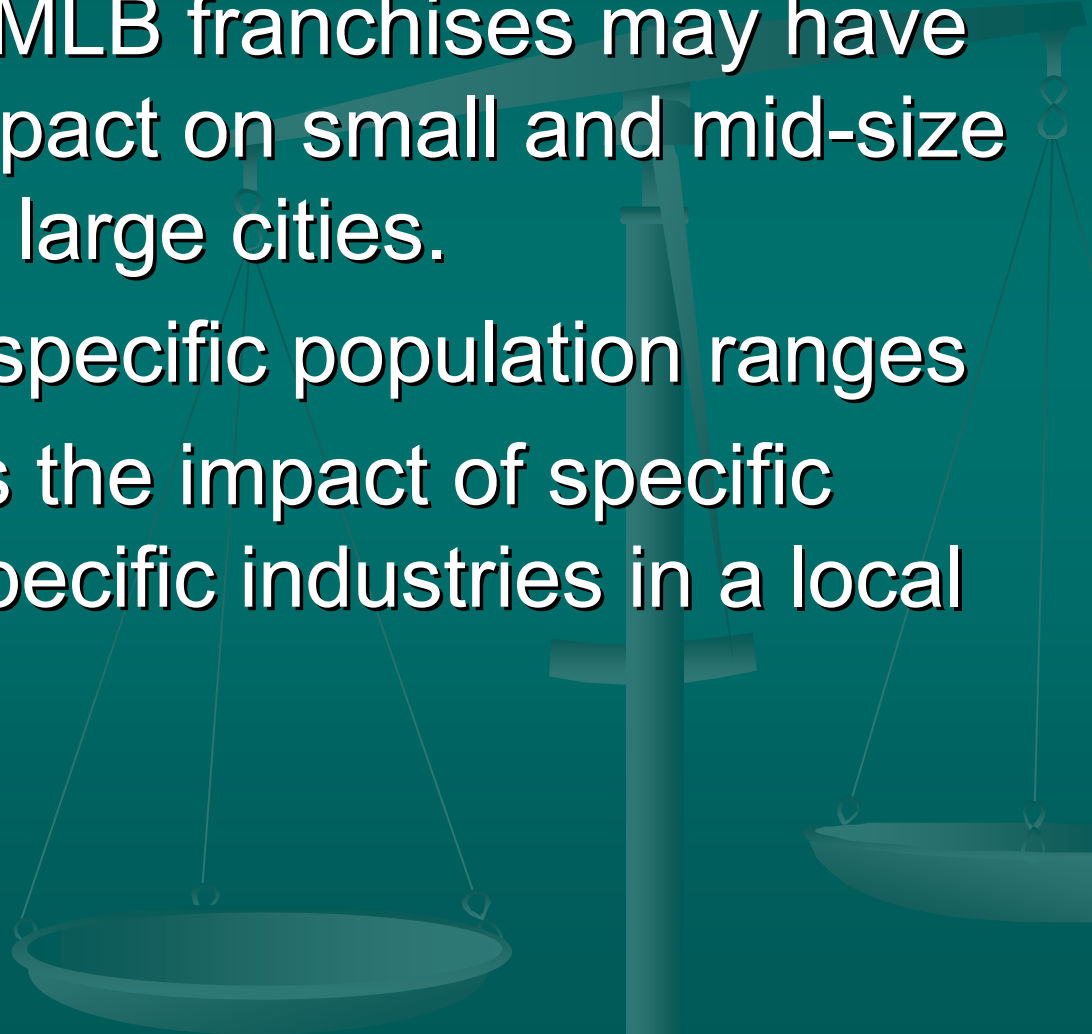


The “Retrospective” Method

- Uses historical data and statistical techniques to observe the impact.
 - Looks at actual relationship
 - Examples
 - Rosentraub and Nunn
 - Economic impact was too large to be contained in a Texas suburb
 - Baade and others
 - Four studies
 - All show no impact on local economies
 - Sports teams redirect employment to “less” well paying service industry jobs.
 - Baim



Baim Studies

- 1994–NFL and MLB franchises may have an economic impact on small and mid-size cities, but not in large cities.
 - 1999–Looks at specific population ranges
 - 2003–Estimates the impact of specific franchises on specific industries in a local economy.
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1999–Impact on Service Employment

Table 1
Service Industry Employment by Population Class
COEFFICIENTS

Population Range	Number of Observations	R ² F-ratio Significance of F Ratio	Population (t-statistic) significance level	Football (t-statistic) significance level	Baseball (t-statistic) significance level
small less than 500,000	83	.279 10.43 7.2 x10 ⁻⁰⁶	0.0019 (3.97) .00015	23.47 (1.36) .177	40.37 (2.91) 0.005
medium 500,000 to 1,500,000	129	.315 19.337 2.31x10 ⁻¹⁰	.00012 (5.85) 3.81x10 ⁻⁰⁸	55.23 (3.10) 0.002	36.15 (2.77) .006
large more than 1,500,000	36	.83 54.78 1.052 x10 ⁻¹²	6.39x10 ⁻⁰⁵ (10.11) 1.24x10 ⁻¹¹	-211.65 (-5.22) 9.78x10 ⁻⁰⁶	398.59 (6.91) 6.63x10 ⁻⁰⁸

1999–Impact on Non-agricultural Employment

Table 2
Non–Agricultural Employment by Population Class
COEFFICIENTS

Population Range	Number of Observations	R ² F–ratio Significance of F Ratio	Population (t–statistic) significance level	Football (t–statistic) significance level	Baseball (t–statistic) significance level
small less than 500,000	98	.30 13.5 2.13 x10 ⁻⁰⁷	0.0012 (7.58) 2.3x10 ⁻¹¹	72.98 (1.28) .204	150.16 (3.19) 0.002
medium 500,000 to 1,500,000	154	.313 22.92 2.86x10 ⁻¹²	0.0007 (7.20) 2.64x10 ⁻¹¹	420.00 (5.28) 4.52x10 ⁻⁰⁷	57.17 (1.04) .30
large more than 1,500,000	52	.78 59.44 3.44x10 ⁻¹⁶	0.0004 (12.52) 6.98x10 ⁻¹⁷	-27.70 (-0.10) .917	92.43 (.27) .79

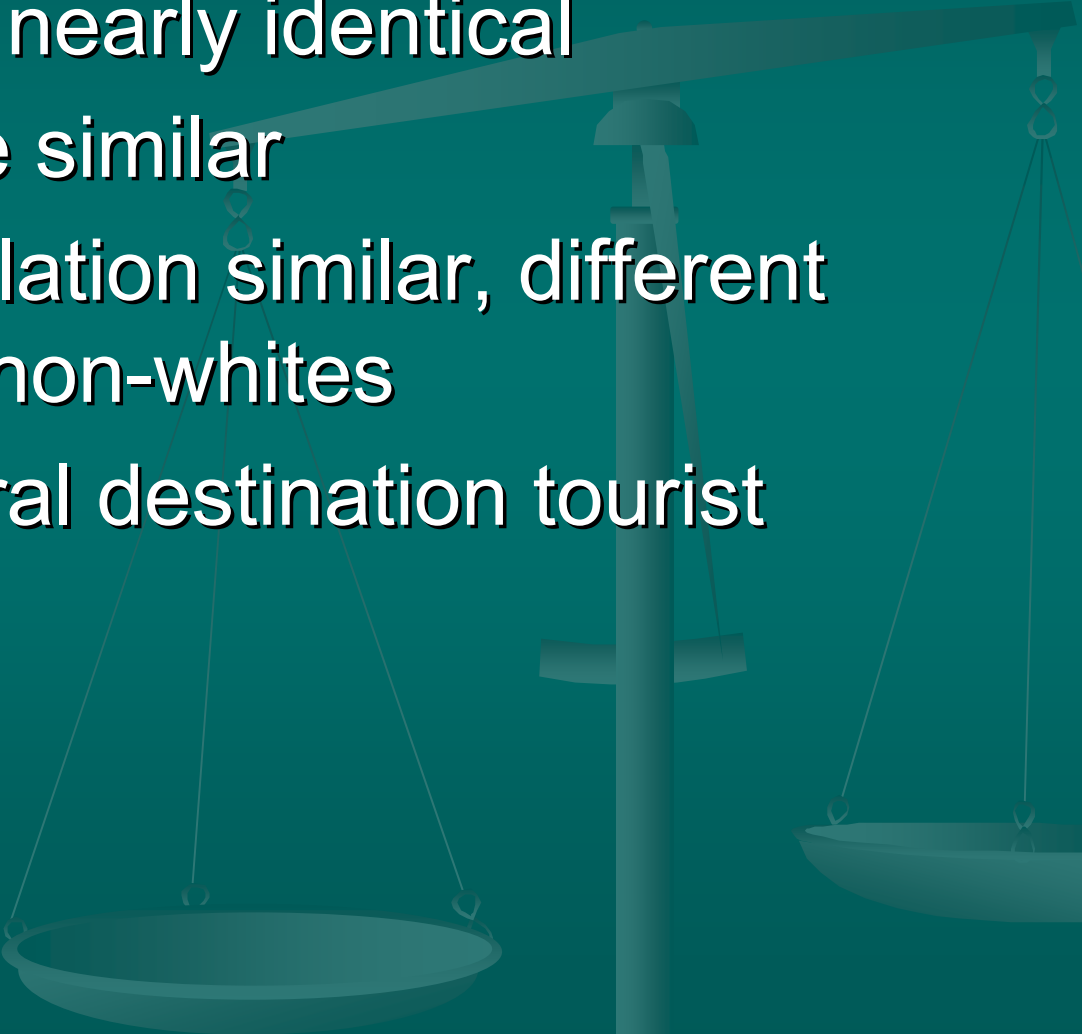
2003-Rams' Impact on Orange County Employment

entry	1986-2000	-	21%
ographic Printing	1986-2000	+	53%
maceuticals, Prep (D)	1986-2000	-	44%
ronic Computers	1988-1999	-	50%
ed Circuit Boards	1988-2000	-	10.5%
ronic Semiconductors	1988-2000	-	85%
ical and Medical Instruments (D)	1986-2000	+	28%
hone Other (D)	1991-2000	+	59%
r Vehicle Parts & Supplies (wholesale)	1986-2000	-	80%
r Electronic Parts and Equipment	1986-2000	-	8%
r Groceries & Related Products (wholesale)	1986-2000	+	24%
g Places (D)	1986-2000	+	76%
king Places (alcohol)	1988-2000	-	3%
Supply Services	1988-2000	-	56%
ware Publishers	1986-2000	-	7%
Processing Services	1986-2000	+	87%
ctive Services	1988-2000	-	26%
otive Repair Shops	1986-2000	-	72%
ical Labs	1986-2000	-	28%
neering Services	1988-2000	-	97%
	1986-2000	-	42%

2003–Rams' Impact on Orange County Payroll

Accounting and Finance	1986–2000	–	18%
Commercial Printing	1986–2000	–	77%
Pharmaceuticals, Prep (D)	1986–2000	–	33%
Electronic Computers	1988–1999	–	19%
Printed Circuit Boards	1988–2000	–	20%
Electronic Semiconductors	1988–2000	–	48%
Surgical and Medical Instruments (D)	1986–2000	+	15%
Telephone Other (D)	1991–2000	+	50%
Motor Vehicle Parts & Supplies (wholesale)	1986–2000	–	51%
Other Electronic Parts and Equipment	1986–2000	–	18%
Other Groceries & Related Products (wholesale)	1986–2000	–	19%
Eating Places (D)	1986–2000	–	98%
Drinking Places (alcohol)	1988–2000	–	18%
Wholesale Supply Services	1988–2000	–	78%
Software Publishers	1986–2000	–	3%
Food Processing Services	1986–2000	–	61%
Protective Services	1988–2000	–	55%
Automotive Repair Shops	1986–2000	–	51%
Medical Labs	1986–2000	–	21%
Engineering Services	1988–2000	+	89%
Hotel	1986–2000	–	19%

Similarities between OC and San Diego County

- Populations are nearly identical
 - Age and Income similar
 - % of white population similar, different ethnic mixes of non-whites
 - Both have several destination tourist attractions
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Punch line



THERE IS NO EVIDENCE TO
SUPPORT THAT AN NFL
FRANCHISE HAS A POSITIVE
ECONOMIC IMPACT ON A CITY
AND COUNTY THE SIZE OF
SAN DIEGO

IF Incentives are used...

- Without any evidence that the Chargers stimulate the San Diego economy it is not justifiable to provide them with an incentive for a broad based tax.
 - Tax those who do not receive the benefit
 - Regressive tax
 - Avoid tourist taxes
 - Will hurt tourist trade
 - Don't bury any stadium proposal in a stadium referendum.
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