

# **ECONOMIC IMPACT OF THE 2001 SPECIAL OLYMPICS WORLD WINTER GAMES ALASKA**

PREPARED FOR

Game Organizing Committee  
World Winter Games Alaska  
7<sup>th</sup> Special Olympics

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## Executive Summary

The 2001 Special Olympics World Winter Games invigorated Anchorage Alaska with the largest international sporting event ever staged in Alaska. During the first two weeks of March 2001, the Games attracted visitors from more countries and a greater variety of cultures than any previous event in Alaska. In the year before the Games, the U.S. Federal Government, corporate sponsors, volunteers, and hired employees worked to prepare for the Games. They improved existing sport facilities, facilitated cooperation between businesses and government, acquired needed equipment, planned the sporting events, made travel arrangements, solicited donations, and recruited the multitude of volunteers needed to stage the Games.

The opening ceremonies at the Sullivan Arena in Anchorage gathered together organizers, visitors, volunteers, entertainers, and others in one place for the first time. Over the next ten days, thousands of volunteers and hired workers provided the security, record keeping, transportation, entertainment, medical, timing, and myriad of other services needed for the Games to succeed. Over 1800 Special Olympics athletes competed in seven different events at sporting venues throughout the city. Eight thousand non-resident visitors from places outside Alaska attended the Game events, filled local hotels, ate and local restaurants, bought souvenirs at local shops, and enjoyed Alaska's natural scenery and attractions.

Along with these athletes and visitors, another 8500 local residents filled Anchorage's world class sporting venues to capacity to watch, encourage, cheer, and be inspired by the Special Olympic athletes. Local residents hosted visiting families and participated in special curriculums designed to teach elementary students about other cultures and Special Olympic athletes. Attendees at the Games shared in a warm sense of community and pride that helped enliven the winter. More than just competitive sport, these events created a memorable sense of community and belonging, an awareness of other cultures, and appreciation for the abilities of Special Olympic athletes.

Beyond the spectacle of the Games and community bonding, the Games had substantial economic effects on the local economy. The money that organizers and visitors spent in the local economy created both short-term and long-term economic effects. The U.S. Federal Government spent \$6.5 million to build and improve facilities before the Games. The Game Organizing Committee spent \$14.7 million from corporate and government sponsors to prepared and stage the Games. Visitors spent \$5.2 million for hotels, food, transportation, souvenirs, and other purchases. In total, the Games brought \$21.8 million to the local economy.

As summarized in Table 1, this influx of new money circulated through the local economy and created a total economic impact of \$31.6 million in new sales. Local businesses paid out \$11.7 million of this money in new payroll to employees. This payroll represents the equivalent of 379 annual average jobs in the Anchorage economy. Most of the spending and jobs were concentrated in visitor industries, such as hotels, restaurants, retail stores, tour operators, and transportation service companies. However, the Games also had substantial impacts on industries such as construction, business services, communications and other industries that usually do not directly receive tourist dollars.

Aside from these short-term measurable impacts, the Games may have some long-term economic effects. In particular, the Games occurred during the off-peak winter tourism season. Typically, many tourism-related businesses experience a decline in customers and sales during the winter. The Games enabled many businesses to extend their hours, fill normally empty hotel rooms, or retain employees. In addition, many visitors who came to Alaska for the Games reported they would likely visit Alaska again and recommend a visit to their friends. Furthermore, the Games provided broad international media exposure of Alaska's winter visitor attractions. Finally, the improved sport facilities used for the Games may help attract other large sporting events. This combination of repeat visits, positive media exposure, more large sporting events, will likely help draw additional tourists to Alaska in the long run.

The Games also affected local residents and the community. Alaska residents who attended the Games spent money in the Anchorage economy and contributed many valuable hours of volunteer work. Spending by local residents contributed an additional \$324 thousand in sales, \$94 thousand in payroll and created five new jobs. Local residents who participate in cross country skiing, downhill skiing, ice skating, and other recreation activities will likely benefit from the improvements to local sporting facilities. More broadly, these facilities enhance the quality of life and make Anchorage more attractive to new businesses.

**Table 1: Executive Summary of The Economic Significance of the 2001 Special Olympics World Winter Games**

**The Largest International Sporting Event in Alaska's History**

	Actual	Forecast	
<b>Visitors</b>	8151	8000	visitors
	61	80	countries represented
	77	60	thousand visitor days from March 4 through 11, 2001
<b>New Spending</b>	\$5.2	\$3.8	million of non-resident visitor spending in Alaska
	\$6.5	\$6.5	million capital budget for facilities construction and upgrades
	\$14.7	\$12	million operating budget for preparing and carrying out the games
	\$11.6	NA	million operating expenditures in Alaska
<b>Volunteers</b>	2300		Alaska onsite volunteers
	1400		non-resident onsite volunteers
	800		offsite volunteers
	4500	4500	total volunteers
<b>Cooperative involvement of public, private, and non-profit sectors</b>			

**Economic Significance -- Sales, Payroll, Jobs before and during the Games**

	Actual	Forecast	
<b>Total expenditures</b>	\$21.8	\$20.6	million direct infusion of new spending into the Anchorage economy from sources outside Alaska.
<b>Direct Jobs</b>	36		construction employees to improve facilities and roads
	100		Special Olympics employees at peak operations during the games
	60	60	annual-equivalent Special Olympics employees
<b>Total Impact</b>	\$31.6	\$33	Million of total sales generated for Anchorage economy.
	\$11.7	\$10	Million total payroll generated for Anchorage businesses
	379	376	annual-equivalent total jobs generated for Anchorage workers
<b>Expanded sales benefiting a broad range of Anchorage industries, including construction, business services, military, health services, and utilities, in addition to visitor-related sectors.</b>			
<b>Economic Significance from Spending by Alaska Residents</b>			
	\$2	\$1	million value of volunteer contributions
	\$0.324		million spending by Alaska resident spectators add to economic significance

Source: ISER Calculations and Game Organizing Committee Records  
 Forecasts from ISER calculations in December 2000, three months before the Games  
 Actual values from ISER surveys and Game Organizing Committee Records collected during and after the Games

**Table 1: Executive Summary of The Economic Significance of the 2001 Special Olympics World Winter Games**

continued from previous page

**Strengthening of Visitor Industry Economic Base**

	Actual	Forecast	
<b>Hotel Rooms</b>	2526	2000	hotel rooms filled for ten days
	50		bed and breakfast rooms filled for ten days
<b>Spending in Particular Industries</b>	\$1.5	\$1.2	million in hotel and lodging sales
	\$1.3	\$3.7	million in local transportation sales, including rental cars & bus tours
	\$1.5	\$3.6	million in restaurant sales
	\$2.8		million in retail sales
<b>Off-season use of visitor facilities increased year-round profitability</b>			
<b>Legacy of positive exposure of Anchorage to international visitors</b>			

**Public Benefits**

	Actual	Forecast	
<b>Public Finance</b>	\$179	\$200	thousand in municipal revenues from bed tax and rental car tax
	\$107		thousand in municipal revenues from hotel bed tax
	\$71		thousand in municipal revenues from rental car tax
	\$3		thousand in state revenues from alcohol tax
	\$252		thousand financial support for operation of public facilities
<b>Enhancement of Quality of Life</b>	84%		of local residents attending games believed new facilities would benefit community.
	98%		of local residents attending the game said it improved the quality of life either by bringing the community together, improving awareness of people with disabilities, improving awareness of other cultures, improving facilities for local use, or creating good international media exposure for Anchorage.

Source: ISER Calculations and Game Organizing Committee Records  
 Forecasts from ISER calculations in December 2000, three months before the Games  
 Actual values from ISER surveys and Game Organizing Committee Records collected during and after the Games.

## **I. Introduction**

For eight days, from March 4<sup>th</sup> through 11<sup>th</sup>, 2001, the Seventh Special Olympics World Winter Games enlivened the Municipality of Anchorage Alaska with sporting events, visitors, ceremonies, entertainment, and economic activity. Located at the head of Cook Inlet in Southcentral Alaska, Anchorage is surrounded by mountains and ocean. The Chugach Mountains rise immediately to the east and south, the Talkeetna Mountains dot the horizon fifty miles northeast. On clear days, the Alaska Range (including Mt McKinley) is visible 150 miles northwest of town. The Knik Arm and Turnagain Arm form Anchorage's western shore and reach out to connect with the Gulf of Alaska and the Pacific Ocean.

With a population of just over 260,000, the Municipality is home to half the residents of Alaska. The city lies about three hours flight time from Seattle, six hours from Tokyo, and nine hours from Europe. Anchorage serves as the center of commerce, transportation, communications, distribution, and tourism for the state. Anchorage welcomes about 500,000 out-of-state visitors during the winter (October through April) and just over 1 million visitors during the summer (May through September).

The nearby ocean moderates Anchorage's temperatures to an average of 65° F in July and 26° F in February. Even though at sea level, Anchorage's winter climate is very much like high-elevation mountain ski resorts in the Rocky Mountains, Canada, or Europe. Annual precipitation in Anchorage is 14 inches with about 72 inches in the form of snow. Snow first falls at sea level in mid October and reliably remains on the ground through mid April (and even later at higher elevations). With its reliable snow cover, winter temperatures, surrounding mountains, sea-level location, and world-class sporting facilities, Anchorage is an ideal location for major winter sporting events.

Before the 2001 World Winter Games, Anchorage hosted several major national and international winter sporting events. These included the Great Alaska Basketball Shootout (every November since 1978), the Arctic Winter Games in 1998, several National College Athletic Association (NCAA) Regional Ski Championships, NCAA National Ski Championships in 2002, and the USA Hockey Girls'/Women's National Championships. Numerous recreational facilities in Anchorage accommodated these events. Anchorage residents use these same facilities year round for downhill skiing areas, cross-country skiing, ice hockey, and figure skating.

The 2001 World Winter Games Special Olympics were larger than any previous sporting event ever staged in Alaska. Six major sporting venues hosted seven major events in three communities within the 2000 square miles of the Municipality of Anchorage. The McDonald Ice Skating Center in Eagle River, a community about ten miles north of downtown Anchorage, hosted speed skating. Alyeska Resort, a world-class ski resort 35 miles south of downtown Anchorage in Girdwood, hosted downhill skiing. The remaining events occurred at various locations in the Anchorage "Bowl," an area ten miles across, surrounded by mountains and ocean, and centered around downtown Anchorage. Kincaid Park, a world class cross country ski area that hosts local, state, regional and national ski competitions, was the center for

snowshoeing and cross country skiing events. Hilltop Ski Area in the foothills of the Chugach Mountains on the east side of town hosted snowboarding. The new Tesoro Ice Rink in the south central part of town hosted the figure skating events. During the Games, the downtown Eagan Convention Center became the center of athletes' activities, including entertainment, medical, communication, and other services.

With the help of generous funding from the U.S. Department of Education, the Game Organizing Committee contracted with the Institute of Social and Economic Research (ISER) at the University of Alaska Anchorage to study the full range of economic effects of all activities associated with the Games. The purpose of this study was to gather and analyze information to help local governments, businesses, and tourism planners understand the economic effects of large sporting events on the local community. The study was also intended to provide guidance for other communities planning to host the Special Olympics or other large events.

For this study, ISER conducted hundreds of face-to-face interviews to gather detailed information about attendance and spending patterns. We counted the number of people attending each venue to estimate total attendance. We conducted a mail survey of local Anchorage businesses to learn about their experiences during the Games. The Game Organizing Committee provided detailed financial records of their operating and capital budgets. Many other statistical sources and previous studies listed in the bibliography helped us to identify and to quantify the numerous economic effects of the Games. We analyzed the data using an input-output model to trace the full economic effects of the Games.

This report describes the major findings of our research: Section II describes the people who attended the Games; Section III describes the spending by the Game Organizing Committee; Section IV describes spending by visitors to Alaska; Section V reports the total economic effect; and Section VI lists the more specific impacts. The appendices present more detailed methodology and technical findings.

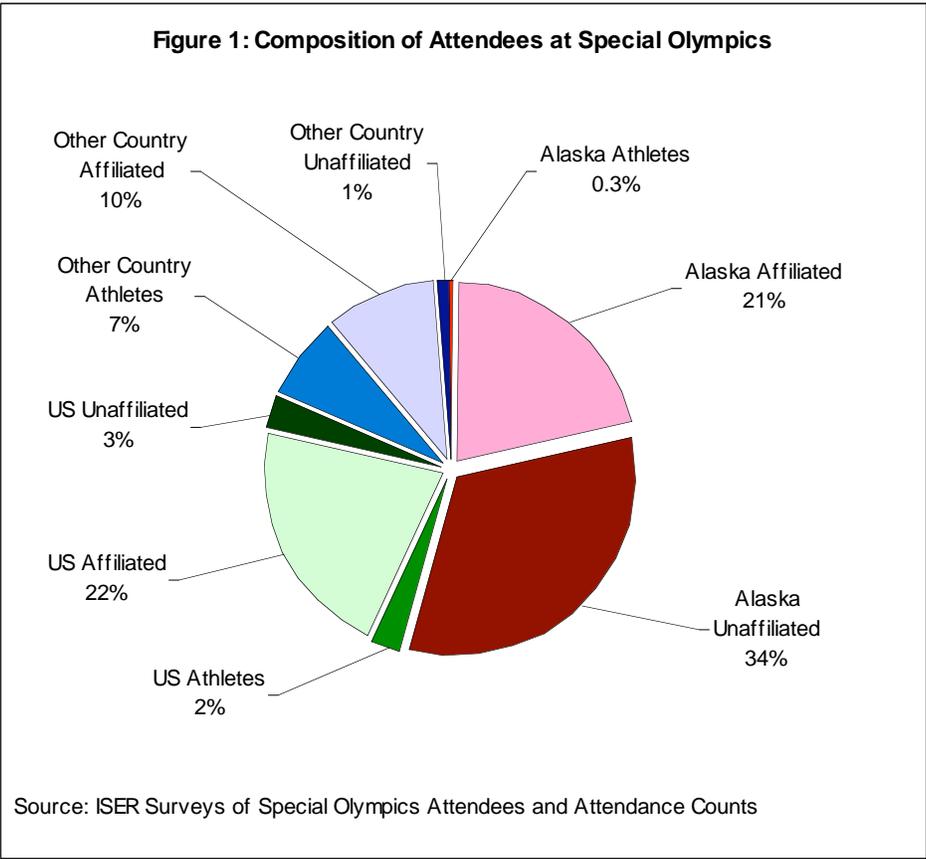
## II. Attendance at the Games

As summarized in Figure 1 and Table 2, nearly 18,000 people attended one or more of these 2001 World Winter Games venues. More than 2,000 of the attendees were athletes and coaches from over 60 countries. Another 8,000 non-resident family members, volunteers, dignitaries, and supporters flew to Alaska from other states or countries to attend the Games. In addition, nearly 9,600 Alaska residents participated as volunteers, athletes, coaches, security guards, medical professionals, or others affiliated with the Games.

The ISER face-to-face surveys provide an interesting profile of non-resident visitors. They differed from typical winter visitors in many ways. Unique among these visitors were the athletes. Two thirds were men and most were in their teens or twenties. Half of the athletes were from Europe, a third from the United States, and the rest from nearly every other part of the world. Besides the athletes, the numerous visitors were different from typical winter or summer visitors to Anchorage. Visitors stayed in Anchorage on average nine and a half days – about four days longer than typical winter visitors. They also traveled in much larger parties composed of five people on average (compared to two people in a typical winter visitor party). Unlike typical winter visitors who spend their time mostly doing business, the Special Olympics visitors spent about half their days in Anchorage at Special Olympics events. The most popular venues with the highest visitor attendance were figure skating (2421 visitors), snowshoeing and cross-country skiing (2316 visitors), and floor hockey (1929 visitors). The crowd at the opening and closing ceremonies was composed predominantly of non-resident visitors.

Most visitors to the Games came from the U.S. or Canada. However, these and other visitors came from a far greater variety of U.S. states and foreign countries than typical winter visitors (see Table 3). Unlike regular winter visitors, which were 58% men, the Special Olympics drew proportionally more women (54% of all non-resident visitors to the Games). The Special Olympics visitors were also, on average, slightly older than typical winter visitors and most were between the age of 30 and 50. A majority (86%) of typical winter visitors have visited Anchorage many times before (usually on business) and a third of typical winter visitors make side trips outside Anchorage. In contrast, Special Olympics non-resident visitors were much less likely to have visited Alaska (only 43% had visited before) and relatively few (3%) ventured outside the city to other parts of Alaska.

In addition to non-resident visitors from places outside Alaska, some Alaska residents from outside Anchorage traveled to Anchorage for the Games. Most of these Alaska resident visitors came from towns in the Matanuska-Susitna Borough (an hour's drive north of Anchorage) or the Kenai Peninsula, three or more hour's drive southwest of Anchorage. Most of these Alaska resident visitors did not stay overnight in Anchorage. About 70% of these Alaska resident visitors were affiliated with the games in some way, including 25% who were friends or relatives of athletes. About 8500 Anchorage residents also attended the Games. Most of them (5500) attended as spectators and were not associated with the Games. The rest were athletes, coaches, volunteers, security, or media who worked or participated with the Games. By far, more local residents attended floor hockey at the Fed Ex hangar and figure skating at the Tesoro Rink than any other Special Olympics venues.



Affiliation of Individuals	Alaska Residents		Non-residents				All Residences
	Anchorage	Outside Anchorage	Total Non Alaska	US	Canada	Other Countries	
<b>Number of Individuals</b>							
Athletes	28	26	1764	444	72	1247	1818
Others Affiliated with Games	3013	761	5625	3842	672	1113	9400
Spectators unaffiliated with Games	5455	338	761	567	100	94	6554
<b>Total</b>	<b>8496</b>	<b>1125</b>	<b>8151</b>	<b>4852</b>	<b>844</b>	<b>2454</b>	<b>17772</b>
<b>Percent of Individuals from Each Residence (columns sum to 100%)</b>							
Athletes	0.3%	2.3%	21.6%	9.2%	8.5%	50.8%	10.2%
Others Affiliated with Games	35.5%	67.6%	69.0%	79.2%	79.6%	45.3%	52.9%
Spectator unaffiliated with Games	64.2%	30.1%	9.3%	11.7%	11.9%	3.8%	36.9%

Source: ISER Surveys of attendees and Game Organizing Committee Records

<b>Table 3: Comparison of Special Olympics Visitors and Typical Anchorage Winter Visitors</b>		
<b>Selected Characteristics</b>	<b>Anchorage 1999-2000 Air Visitors (includes instate visitors)</b>	<b>Special Olympics 2001 Visitors</b>
<b>Total Visitors</b>	443,000	8,135
<b>Length of stay</b>	5.2	9.5
<b>Number in Party</b>	1.7	4.7
<b>Purpose of Trip</b>		
Business	53%	
Vacation and Pleasure	22%	50%
Visit Friends and Relatives	17%	
Seasonal Worker	1%	
Business and Pleasure	NA	50%
<b>Origin of Visitors</b>		
US (Out of State)	49%	74%
US West	55%	23%
US Midwest		21%
US Northeast		16%
US South		15%
Outside of US	2%	26%
Canada		13%
Europe		7%
South America		3%
Africa		1%
Asia		1%
Instate	48%	
<b>Sex</b>		
Female	42%	54%
Male	58%	46%
<b>Age</b>		
Average	43.5	44.3
under 18	10%	4%
18 to 24	8%	8%
25 to 34	14%	10%
35 to 44	26%	24%
45 to 54	25%	29%
55 to 64	11%	20%
Over 65	7%	4%
<b>Percent Traveling to other Alaska Communities outside Anchorage</b>		
	33%	3%
<b>Percent who have visited Alaska previously</b>		
	86%	43%
Source: ISER Surveys of Game Attendees, Division of Tourism, Alaska Visitors Statistics Program		



### **III. Spending by the Game Organizing Committee**

#### **A. Capital Expenditures**

In preparation for the Games, The Game Organizing Committee spent approximately \$6.5 of U.S. federal government funds from the U.S. Department of Housing and Urban Development and U.S. Federal Transit Authority to make improvements to facilities, equipment, and roads at Kincaid Park, Hilltop Ski Area, and other venues. These improvements would likely not have occurred without the Special Olympics since Federal government agencies specifically targeted the spending to support the Special Olympics.

As listed in more detail in Table 4, the U.S. Department of Housing and Urban Development (H.U.D.) funded \$1.3 million worth of improvements to the Kincaid chalet. The U.S. H.U.D. also paid approximately \$100,000 for a new scoreboard at Kincaid. The U.S. Federal Transit Authority provided \$2.4 million for road improvements within the park. Local Anchorage municipal bonds amounting to \$600,000 supplemented these road improvements inside the park. In addition, \$2.3 million from municipal bonds funded road improvements to Raspberry Road, the main access road running from the boundary of the park to the rest of the city. The U.S. H.U.D. also paid \$1.3 million for new community center at Hilltop Ski Area. Nearly all of this capital spending occurred in the summer construction season in 2000, less than one year before the Special Olympics.

#### **B. Operating Expenditures**

The total operating budget for the Organizing committee over its three years of existence was \$14.7 million. Their major expenses were for employees, contract labor, communications, business services, housing, and the opening and closing ceremonies.<sup>1</sup> About \$11.6 million of the Organizing Committee operating budget was spent directly in Alaska while the remaining \$3.1 million was either spent outside Alaska or “leaked” directly out of the economy to procure goods outside Alaska. About \$4.2 million of operating revenues came from the U.S. federal government and the remainder from corporate donations.<sup>2</sup>

#### **Table 4: Existing Facilities and Improvements to Sporting Venues Hosting Special Olympics Events**

**Speed skating at Mc Donald Memorial Center in Eagle River:** The McDonald Memorial Center received a New Zamboni machine, public address system, and locker-room flooring. The Alaska Speed Skating Club also received racing pads and skate-sharpening equipment. Harry J McDonald Memorial Center has a 111-meter Olympic Sized ice sheet used for figure skating, hockey, and recreational skating. In 1998, the rink provided service to over 68,000, users, not including spectators. The total seating capacity is 700. It is located in Eagle River, on the Old Glenn highway on the north side of town, 12 miles (25 minutes driving time) from downtown Anchorage. See <http://www.customcpu.com/themac/>.

**Figure skating at Tesoro Sports Center:** For the Special Olympics, the Tesoro Center received improved telephone and computer lines. The American Figure Skating Association and American Association of Figure Skaters assisted with the 2001 Special Olympics. The Tesoro Sports Center is Anchorage's newest skating facility and is used for figure skiing, hockey, and recreational skating. There is also a restaurant and pub at the facility. The American Association of Figure Skaters and American Figure Skating Association host regional figure skating competitions at the facility. The Center is located on the south side of Anchorage at 11111 O'Malley Center Drive, 7.5 miles (20 minutes driving time) from downtown Anchorage. See <http://www.tesorosports.com/>.

**Floor Hockey at Federal Express® Hangar:** The Federal Express® Hangar was turned into a floor hockey arena, complete with six color-coded rinks, 29-meters long (95 feet) and 12.74 meters (42 feet) wide, meeting official standards for floor hockey competition. Each of the six rinks included plastic flooring, sideboards, and spectator bleachers. The Federal Express® Hangar is usually used for airplane repair for cargo jets from FedEx®, UPS®, and other major airlines that rely on Anchorage International Airport, one of the largest cargo airports in the nation. The hangar is at the Anchorage International Airport, 3.5 miles (10 minutes driving time) from downtown Anchorage.

**Cross Country Skiing and Snow shoeing at Kincaid:** U.S. Department of Housing and Urban Development (HUD) spent \$1.4 million to improve the chalet and stadium area. The chalet doubled in size and includes a main meeting area, large foyer, and restrooms. Part of the H.U.D.funding went to improve networking, including new analog and digital communications for Internet results. Part of the U.S. H.U.D.funding also paid \$100,000 for a new scoreboard, gates, and race equipment for the Nordic Ski Association of Anchorage to be used at Kincaid. \$140,000 of the H.U.D.funding also went to the Nordic Ski Club for fencing and piston bully, a grooming machine. Nordic Ski Association of Anchorage helped with Special Olympics logistics at the park.

The U.S. Federal Transit Authority provided \$ 2.4 million for road improvements within the Kincaid Park. This included widening the road and adding 400 parking spaces and a drop off area near the chalet. Capacity of lower lot increased from 50 to 238 parking spaces and the primary lot capacity increased from 80 to 192 parking spaces. Buses can now drop off in the turn-around lane. These road improvements were supplemented by \$ 600,000 in local municipal bonds. In addition, \$2.3 million from municipal bonds funded road improvements to Raspberry Road outside the park.

Kincaid Park has 60 kilometers of cross-country trials (18 km lighted) with four courses certified for World Cup competition. Only three other sites in the U.S. have this certification. The Park is used for skiing, bicycling, walking, archery, dog training, motocross, and special chalet activities. 122,000 visitors came to the chalet and main parking lot in 1999. Estimated total park use in 1998 was 250,000. In 1998, there were 200 special activities or events scheduled at the chalet and 57 special events (like ski races) at the Park, including 18 national or international sporting events. The Park is in the southwest area of Anchorage, next to the airport and at the end of Raspberry Road about 20 minutes driving time from downtown Anchorage.

Table 4 continues on the next page.

**Table 4: Existing Facilities and Improvements To Sporting Venues Hosting the Special Olympics Events**

(continued from previous page)

**Downhill skiing at Alyeska Ski Resort:** Improvements at Alyeska include \$115,000 for lighting, electrical work, and snowmaking, \$10,000 to upgrade communication equipment at finish lines that allowed real-time results of the Alpine skiing competition to be posted on the Internet. Some of these funds went to the Alyeska Ski Club for race gates, timing equipment, and communications wiring. Alyeska Ski Club contributed volunteer support during the Special Olympics. Alyeska Ski Resort is a world-class downhill ski resort with 2000 vertical feet and 27 miles of trails. The ski area serves about 118,000 skier visits per year and has the capacity for 10,335 skiers per hour. The resort is in Girdwood, 39 miles (45 minutes driving time) from downtown Anchorage <http://www.alyeskaresort.com/>

**Snowboarding at Hilltop Ski Area:** The U.S. H.U.D. paid \$1.35 million for a new community center at Hilltop. It has a capacity of over 200 people and includes a common room, offices, ski shop, and restrooms. The old buildings, built in 1984 were razed in the summer of 2001. In addition, the ski area received \$55,000 to improve electrical and phone services, timing equipment and race gates. They also received money to expand and improve its chairlift and parking areas. The Hilltop Ski Area also planned other improvements and expansions to the ski area paid by local funds. Hilltop Ski area is a local ski area that serves about 50,000 skiers here each year. It has 294 vertical feet and a 2090-foot long trail. The ski area is on Hillside Drive in South Anchorage, about 5 miles (15 minutes driving time) from downtown Anchorage. <http://www.hilltopskiarea.org/>

Source: Game Organizing Committee Records, Anchorage Daily News articles, and phone interviews with facility managers



## IV. Spending by Visitors in Alaska

### A. Non-Resident Visitors

#### 1. Composition of Visitors

Non-resident visitors made substantial expenditures in the local Anchorage economy. In order to estimate their spending, we analyzed the spending patterns of several different types of non-resident visitors.<sup>3</sup> The most important distinctions among visitors were their affiliation with the Games and their residence. As summarized in Table 5, most of the non-resident visitors were affiliated with the Games, either as athletes or as relatives or friends of the athletes. Notably far more non-resident relatives and friends of athletes came from the U.S. and Canada, likely because they were close to Alaska and the travel costs were lower.

Type	Residence		
	Total	U.S. and Canada	Other Countries
<b>All Types</b>	<b>8151</b>	<b>5696</b>	<b>2454</b>
Athletes	22%	9%	51%
Affiliated with Games	69%	79%	45%
Coaches	6%	3%	13%
Relative or Friend of Athlete	41%	51%	17%
Member of team delegation	3%	1%	7%
Volunteer	7%	9%	3%
Security Person	3%	3%	1%
Medical Person	2%	2%	1%
Special Olympics Official	2%	3%	1%
Media Person	0.3%	0.3%	0.1%
Affiliated in Other Way	6%	7%	2%
Spectators unaffiliated with Games	9%	12%	4%

Source: ISER attendance counts and surveys

#### 2. Average Expenditures per Person

To decipher the spending patterns of each type of visitor, we asked them questions in face-to-face surveys about whether they spent money on particular categories and how much they spent in each category.<sup>4</sup> Some spending categories included typical daily expenditures such as food, lodging, transportation, and souvenirs. Other categories included purchases for the entire visit or were related to the business of the individual. As summarized in Table 6, only some of the visitors made expenditures in each category. Nearly all made expenditures for

transportation, food, or souvenirs. Much smaller percentages of visitors purchased tours, personal items, or clothes. Notably, only slightly more than half of those affiliated with the games and only slightly more than a third of those unaffiliated with the Games made expenditures for lodging or food. The low percentage buying food was because the Game Organizing Committee provided food for relatives and friends of the athletes at the venues. The low percentage purchasing lodging may be attributable to that fact that some individuals did not report lodging costs reimbursed by the Game Organizing Committee. As discussed in more detail below, we systematically accounted for these reimbursements.<sup>5</sup>

For each of these expenditure categories, we used ISER survey results to estimate the average expenditures per visitor *among those who actually made expenditures*. As listed in Table 7, we calculated the average expenditures *per day* for categories such as lodging, food, and transportation. We calculated the average expenditures for the entire trip for special purchases (such as large or expensive items like fur coats, artwork, or special flight tours). Notably, these calculations exclude individuals who did not make expenditures in each category. We estimated the average expenditures per *individual* rather than expenditures per *party* because we could more reliably estimate the total number of individuals attending the Games rather than the total number of parties. In our efforts to estimate expenditures per individual, we have made the effort to distribute the expenditures made for a whole party (such as rental car payments or lodging payments) evenly across all the individuals in the party.

In order to estimate the average expenditures per person for *all* individuals, we multiplied the average expenditures per person who actually made expenditures by the percent of individuals making expenditures.<sup>6</sup> For each spending category, we calculated the average expenditures per person *per day*.<sup>7</sup> As summarized in Table 8, visitors spent \$72 per person per day or a total of about \$630 per person for their entire visit. Lodging, souvenirs, tours, and special purchases were the largest spending categories, averaging \$10 to \$16 per person per day for all individuals.

### ***3. Total Spending***

In order to calculate the total spending by visitors, we multiplied the average expenditures per day by the average number of days in Anchorage and the total number of individuals of each type. As summarized in the top section of Table 9, for all non-resident visitors combined, the total spending amounted to \$5.5 million.

So far, the reported expenditures have *included* reimbursements from the Game Organizing Committee. In total, the Special Olympics Game Organizing Committee reimbursed about \$283 thousand dollars to non-resident visitors – mostly for hotels. These reimbursements were technically already included in the operations expenditures reported in the previous section of this report. To avoid double counting, we subtracted the reimbursements from total visitor expenditures. Our estimates of visitor spending after removing reimbursements are listed at the bottom of Table 9.

Removing reimbursements was not precise. Some types of expenditures, such as lodging or transportation were reimbursed, while others were not. In addition, in some cases only part of

the expenditures were reimbursed. To make these adjustments, we developed estimates of the percent of visitors who received different types of reimbursements. As summarized in Table 10 about 15% of all visitors received full or partial reimbursements for their lodging, about 9% received reimbursements for rental cars, and about 36% received reimbursements for their meals.

We did not attempt to interview athletes or directly estimate their spending beyond what was spent by the Game Organizing Committee. For these calculations, we assumed that the average expenditures *per athlete* for souvenirs, entertainment, personal items, "other" items, and special purchases were the same as the average per person spending by friends and relatives. We assumed all other expenditures for athletes, including lodging, food, transportation, tours, and clothing were paid for by the Game Organizing Committee or included in expenditures by family, friends, or others associated with the athlete.<sup>8</sup>

Source: ISER Surveys				
*Note: Expenditures by the Game Organizing Committee for athletes were not included in this summary.				
<b>Table 6. Percent of Non-resident Visitors Making Expenditures in Each Category</b>				
Expenditure Category	Type of Visitor			
	Affiliated	Unaffiliated	Athlete*	All Types
<b>Number of individuals attending</b>	5,625	761	1,764	8,151
<b>Average number of days attending</b>	9.4	9.0	9.4	9.4
<b>Total Visitor Days</b>	52,934	6,826	16,599	76,360
<b>Percent of attendees making expenditures for daily purchases</b>				
Lodging	57%	36%	0%	43%
Food	61%	67%	0%	48%
Local Transportation				
Rental Car	72%	72%	0%	56%
Special Olympics Transport	34%	13%	100%	46%
Taxi	2%	0%	0%	1%
Bus	13%	13%	0%	10%
Personal Car	2%	6%	0%	2%
Walked	4%	4%	0%	3%
Borrowed Car	7%	5%	0%	5%
Free Bus	3%	3%	0%	3%
Souvenirs	62%	68%	67%	64%
Entertainment	4%	1%	5%	4%
Tours	14%	16%	0%	11%
Personal	26%	21%	26%	26%
Clothes	17%	9%	17%	16%
Other	4%	0%	3%	4%
<b>Percent of attendees making expenditures for one-time purchases for the entire visit</b>				
Special	50%	50%	50%	50%
Business-Related	11%	0%	0%	7%

**Table 7: Average Spending per Non-resident Visitor who Made Expenditures in each Category**

Expenditure Category	Type of Visitor			
	Affiliated	Unaffiliated	Athlete*	All Types
<b>Average Spending per Day per Attendee who actually made purchases in each category</b>				
Lodging	\$26	\$53	\$0	\$28
Food	\$20	\$21	\$0	\$20
Local Transportation				
Rental Car	\$8	\$8	\$6	\$8
Special Olympics Transport	\$0	\$0	\$0	\$0
Taxi	\$7	\$0	\$7	\$7
Bus	\$2	\$2	\$2	\$2
Personal Car	\$14	\$14	\$14	\$14
Walked	\$0	\$0	\$0	\$0
Borrowed Car	\$0	\$0	\$0	\$0
Free Bus	\$0	\$0	\$0	\$0
Souvenirs	\$24	\$29	\$25	\$25
Entertainment	\$11	\$10	\$5	\$10
Tours	\$99	\$135	\$0	\$104
Personal	\$3	\$2	\$3	\$3
Clothes	\$14	\$96	\$13	\$18
Other	\$150	\$0	\$15	\$119
<b>Average Spending for entire visit per Attendee who actually made purchase in each category</b>				
Special	\$91	\$27	\$114	\$90
Business-Related	\$568	\$0	\$0	\$568
Source: ISER Surveys				
*Note: Does not include Game Organizing Committee expenditures for athletes' lodging, transportation, tours, or personal				

**Table 8: Average Spending per Non-resident Visitor per Day**

Expenditure Category	Type of Visitor			
	Affiliated	Unaffiliated	Athlete*	All Types
Lodging	\$15	\$20	\$0	\$12
Food	\$12	\$14	\$0	\$9
Local Transportation	\$6	\$5	\$0	\$5
Souvenirs	\$15	\$20	\$17	\$16
Entertainment	\$0.5	\$0.1	\$0	\$0.4
Tours	\$14	\$22	\$0	\$12
Personal	\$0.8	\$0.5	\$0.8	\$0.8
Clothes	\$2	\$9	\$2	\$3
Other	\$0.4	\$0.0	\$12	\$0.4
Special	\$10	\$3	\$0	\$10
Business Related	\$6	\$0	\$1	\$4
<b>Total</b>	<b>\$82</b>	<b>\$93</b>	<b>\$33</b>	<b>\$72</b>

Source: ISER Surveys

\*Note: Does not include Game Organizing Committee expenditures for athletes' lodging, food, transportation, tours, or personal.

<b>Table 9: Total Spending by Non-residents Visitors for Each Expenditure Category</b>				
<b>Expenditure Category</b>	<b>Type of Visitor</b>			
	<b>Affiliated</b>	<b>Unaffiliated</b>	<b>Athletes*</b>	<b>All Types</b>
<b>Total Spending including reimbursements*</b>				
Lodging	\$793,323	\$136,947	\$0	\$930,270
Food	\$627,170	\$95,411	\$0	\$722,581
Transportation	\$316,356	\$35,684	\$0	\$352,040
Souvenirs	\$777,559	\$137,525	\$279,420	\$1,194,504
Entertainment	\$24,322	\$876	\$3,929	\$29,127
Tours	\$754,597	\$147,253	\$0	\$901,850
Personal	\$41,590	\$3,498	\$12,429	\$57,516
Clothing	\$126,750	\$58,205	\$35,459	\$220,414
Special	\$514,266	\$20,170	\$201,096	\$735,532
Business-related	\$340,406	\$0	\$0	\$340,406
Other	\$20,183	\$0	\$8,608	\$28,792
<b>Total</b>	<b>\$4,336,522</b>	<b>\$635,568</b>	<b>\$540,942</b>	<b>\$5,513,032</b>
<b>Total Spending excluding reimbursements</b>				
Lodging	\$589,626	\$101,784	\$0	\$691,410
Food	\$615,224	\$93,594	\$0	\$708,817
Transportation	\$290,966	\$32,082	\$0	\$323,049
Souvenirs	\$777,559	\$137,525	\$279,420	\$1,194,504
Entertainment	\$24,322	\$876	\$3,929	\$29,127
Tours	\$754,597	\$147,253	\$0	\$901,850
Personal	\$40,434	\$3,401	\$12,429	\$56,264
Clothing	\$126,750	\$58,205	\$35,459	\$220,414
Special	\$514,266	\$20,170	\$201,096	\$735,532
Business-related	\$340,406	\$0	\$0	\$340,406
Other	\$20,183	\$0	\$8,608	\$28,792
<b>Total</b>	<b>\$4,094,333</b>	<b>\$594,889</b>	<b>\$540,942</b>	<b>\$5,230,164</b>

Source: ISER Surveys  
\* Note: Does not include Game Organizing Committee expenditures for athletes' lodging, food, transportation, tours, or personal.

<b>Expenditure Category</b>	<b>Type of Visitor</b>			
	<b>Affiliated</b>	<b>Unaffiliated</b>	<b>Athlete*</b>	<b>All Types</b>
Lodging	\$3.85	\$5.15	\$0	\$3.13
Food	\$1.22	\$0.67	\$0	\$0.99
Local Transportation	\$0.48	\$0.53	\$0	\$0.38
Personal	\$0.02	\$0.01	\$0	\$0.02
<b>Total</b>	<b>\$4.58</b>	<b>\$5.96</b>	<b>\$0</b>	<b>\$3.70</b>
<b>Total Reimbursements</b>				
<b>Number of individuals attending</b>	<b>203,697</b>	<b>35,763</b>	<b>1760</b>	<b>238,860</b>
<b>Average per person</b>	<b>\$11,946</b>	<b>\$1,817</b>	<b>\$0</b>	<b>\$13,763</b>
<b>Average per reimbursements per person per day for attendees</b>	<b>\$21,200</b>	<b>\$3,601</b>	<b>\$0</b>	<b>\$28,991</b>

Special	\$1,155	\$97	\$0	\$1,252
Total	\$242,189	\$40,679	\$0	\$282,868
<b>Percent of total spending*</b>				
Lodging	26%	26%	*	26%
Food	2%	2%	*	2%
Transportation	8%	10%	*	8%
Special	0%	0%	*	0%
Total	6%	6%	*	5%

Source: ISER Survey

\*Note: Does not include expenditures by Game Organizing Committee for athletes' lodging, food, transportation, tours, or personal items.

#### ***4. Expenditures outside Anchorage***

The expenditures described so far were made by visitors within the Municipality of Anchorage. To investigate spending by visitors in other parts of the state, we asked them if they ventured outside Anchorage for side trips. Only 3% of all non-resident visitors reported trips outside Anchorage. Most were relatively short trips to Seward, Wasilla, Talkeetna, or Denali National Park. We added the spending by visitors making side trips outside Anchorage to our final tally of visitor spending in the state. Many visitors also spent money on airfare, transportation services, and other items in preparation for their visit. This spending occurred near their own home or other locations outside Alaska. Since this spending occurred outside Alaska, it was technically not part of the economic impact on the local Alaska economy. We did estimate the economic impact of the Games outside Alaska and report those results in Section III of this report.

#### **B. Comparison to spending by other Alaska Winter Visitors**

Table 11 compares spending of Special Olympics visitors with typical non-resident winter visitors to Anchorage. On average, Special Olympics visitors spent slightly more per person than typical winter visitors. Special Olympics visitors spent about the same amount of money on souvenirs, tours, and special purchases. However, they spent more on average for special one-time purchases and more on transportation.

**Table 11: Comparison of Spending Patterns to Typical Winter Visitors to Anchorage**

<b>Expenditure Category</b>	<b>Anchorage Winter 1999-2000 Air Visitors*</b>	<b>Special Olympics 2001 Non-resident Visitors**</b>
<b>Total Visitors</b>	443,000	8,135
<b>Length of stay</b>	5.2	9.5
<b>Average Expenditures per person per day</b>		
Lodging		
Total	\$29	\$12
Paid by individual		\$9
Reimbursed by Special O		\$3
Food		
Total	\$20	\$9
Paid by individual		\$9
Reimbursed by Special O		\$0
Local Transportation		
Total	\$13	\$34
Paid by individual		\$32
Reimbursed by Special O		\$2
Souvenirs	\$20	\$16
Entertainment	NA	\$0
Tours	NA	\$12
Personal		
Total	NA	\$1
Paid by individual		\$1
Reimbursed by Special O		\$0
Clothes	NA	\$3
Special	NA	\$10
Business-Related	NA	\$4
Other	\$11	\$0
Total		
Total	\$93	\$101
Paid by individual		\$96
Reimbursed by Special O		\$5

Source: ISER Calculations and Anchorage Convention and Visitors Bureau, Anchorage Air Winter Season 1999-2000 Visitor Study.

\* Note: Includes instate resident visitors to Anchorage

\*\* These estimates of visitor spending associated with the Special Olympics spending exclude Game Organizing Committee for athletes' lodging, transportation, tours, or personal items.

### C. Spending by Alaska Resident Visitors from outside Anchorage

In addition to visitors who came from places outside Alaska, many visitors who were residents of Alaska traveled to Anchorage to attend the Games. As shown in Table 12, these in-state visitors stayed, on average, only about three days in Anchorage and spent on average about \$56 per person per day. Most of this spending was for lodging, food, or special purchases. Their total spending amounted to about \$159,000. Technically this spending by Alaska residents was not *new* spending to the Alaska economy and would not be counted in the impact of the Games. However, the spending by Alaska residents was counted as new spending in Anchorage and amounted to a redistribution of spending within the state.

<b>Table 12: Alaska Resident Visitor Spending</b>				
<b>Expenditure Category</b>	<b>Type of Visitor</b>			
	<b>Affiliated</b>	<b>Unaffiliated</b>	<b>Athlete*</b>	<b>Total</b>
<b>Number of individuals attending</b>	761	338	26	1125
<b>Average number of days attending</b>	3.4	0.5	3	2.6
<b>Total Visitor Days</b>	2614	169	89	2872
<b>Average spending per person per day</b>				
Lodging	\$8.61	\$14.88	\$0.00	\$8.71
Food	\$37.04	\$27.69	\$0.00	\$35.34
Transportation	\$3.87	\$2.89	\$0.00	\$3.69
Souvenirs	\$0.13	\$0.00	\$0.24	\$0.13
Entertainment	\$7.53	\$0.00	\$13.85	\$7.28
Tours	\$0.00	\$0.00	\$0.00	\$0.00
Personal	\$0.40	\$0.00	\$0.73	\$0.38
Clothing	\$0.00	\$0.00	\$0.00	\$0.00
Special	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$57.57</b>	<b>\$45.45</b>	<b>\$14.81</b>	<b>\$55.53</b>
<b>Total Spending</b>				
Lodging	\$22,502	\$2,516	\$0	\$25,018
Food	\$96,816	\$4,683	\$0	\$101,499
Transportation	\$10,102	\$489	\$0	\$10,592
Souvenirs	\$339	\$0	\$21	\$360
Entertainment	\$19,672	\$0	\$1,236	\$20,908
Tours	\$0	\$0	\$0	\$0
Personal	\$1,035	\$0	\$65	\$1,101
Clothing	\$0	\$0	\$0	\$0
Special	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$150,467</b>	<b>\$7,688</b>	<b>\$1,323</b>	<b>\$159,477</b>
Source: ISER Survey				
*Note: Does not include Game Organizing Committee expenditures for athletes' lodging, transportation, food, tours, or personal items				



## V. Total Economic Effects

The spending by the Game Organizing Committee and non-resident visitors described in the previous two sections generated broad economic effects in the local economy. Their spending created direct economic effects in local businesses that provided the goods and services to visitors and the Game Organizing Committee. In turn, these local businesses hired employees, paid for supplies, and bought services. This second round of spending continued the economic effect to other sectors of the economy. We used the ISER input output model to track and calculate these and subsequent rounds of spending to find the total impact in the local economy. The input output model relied on a careful determination of the amount of expenditures in the economy (called “final demand”) and then calculated the changes in output, payroll, value added, and employment.

### A. Final Demand

The first step in calculating total economic impacts was to determine how much money was spent in each industry in the economy. This change in spending by industry is called “Final Demand” and is the crucial component of calculating total multiplier impacts. There were three components of final demand: construction expenditures, operations expenditures by the Game Organizing Committee, and visitor spending.

The change in final demand generated by capital expenditures was straightforward since all of the money went to the construction industry and the money was entirely spent in the local economy. All of the funds came from federal government sources outside Alaska to purchase materials and hire workers to do the construction work. We assumed all construction expenditures associated with the Games were a change in the final demand for the construction industry in Alaska.

The Game Organizing Committee operations expenditures require an alternative method for determining final demand for several reasons: 1) the Game Organizing committee spread their expenditures over many different industries, 2) they directly hired their own employees, and 3) some of their expenditures were made outside Alaska. In order to determine the change in final demand for these operations expenditures, we used a “commodity-to-industry” matrix to allocate each of the particular commodities purchased by the Game Organizing Committee to particular industries. To develop the change in final demand created by non-resident visitor spending, we calculated the amount spent in each broad category, including food, lodging, transportation, and so on. Then we assigned each of these categories to a particular industry using a commodity to industry matrix.<sup>9</sup>

### B. Leakages

For both non-resident visitor spending and operations spending, there were “leakages” out of the local economy. Leakages were spending by people or businesses *in Alaska* for goods or services from places *outside Alaska*. When spending exits the economy, the process of re-spending within the region stops. One type of leakage occurs when the purchase was made directly out of the state. For example, both the Game Organizing Committee and visitors

purchased much of the air transportation from businesses located Alaska. The second type of “leakage” was procurement leakage. Many of the purchases by the Game Organizing Committee were made from Alaska distributors who buy most of the goods from businesses located outside of Alaska. For example, Alaska distributors purchase nearly all manufactured goods (computers, timing equipment, communications equipment) from businesses outside Alaska. This “direct leakage” means there was only as a one-time purchase in the local economy and there were no later multiplier effects in the local economy.

We used results from previous studies to estimate the percent of spending in each industry that either was spent outside the state or directly leaked out of Alaska. Using these percentages to allocate spending associated with the Special Olympics, we estimated the total final demand from different sources. As summarized in Table 13, total spending by the Game Organizing Committee and non-resident visitors amounted to \$29.7 million. After accounting for leakage, the change in final demand from all sources originating from outside Alaska totaled \$21.8 million (the column labeled “Total Impact” in Table 13). If we include spending by Alaska residents in the change in final demand, total spending amounted to \$22.0 million.

**Table 13: Spending from each Source**

(Thousands of Dollars)

	Spending from Sources Originating From Outside Alaska				Alaska Residents	Total
	Capital	Operations	Visitors	Sub Total		
<b>Total Spending</b>	<b>\$6,500</b>	<b>\$14,736</b>	<b>\$8,438</b>	<b>\$29,674</b>	<b>\$321</b>	<b>\$29,995</b>
Minus : <b>Spent Outside Alaska</b>	\$0	\$868	\$2,874	\$3,742	\$0	\$3,742
Equals: <b>Spent in Alaska</b>	\$6,500	\$13,868	\$5,564	\$25,932	\$321	\$26,253
Minus: <b>Direct Leakage</b>	\$0	\$2,310	\$1,805	\$4,115	\$118	\$4,233
Equals: <b>Final Demand Vector</b>	\$6,500	\$11,558	\$3,759	\$21,817	\$203	\$22,020

Source: ISER Input Output Mode

"Capital" includes all spending by the Game Organizing Committee for new construction and facilities improvements.

" Operations" includes all spending by the Game Organizing Committee to prepare and to stage the Games

"Visitors" includes all spending by visitors from outside Alaska

"Sub Total" was the sum of Capital, Operations, and Visitors' spending

"Alaska Residents" includes spending by Anchorage residents and Alaska residents from other parts of the state.

### C. Total Impact

The change in final demand circulated through the local economy to create changes in several different measures of economic activity, including output (sales), employment, payroll, employee compensation, and value added. As summarized in Table 14, the total impact on output (sales) from all spending from sources originating outside Alaska amounted to \$31.6 million dollars, \$11.7 million in payroll, and 379 new jobs. About half of this total impact was generated by operations expenditures, another third from visitor spending, and the remainder from capital spending.

Output represents all the sales revenues of firms except for the trade sector. In the case of the trade sector, output is a measure of the trade margin. (The trade margin is the difference between revenues and the cost of goods sold). For this reason employment and payroll are generally more useful indicators of economic activity than output or sales. Employment is annual average employment based on the average annual wage of workers in each industry. Payroll is the total wages received by workers. Value Added includes not only employee compensation, but also indirect business taxes and profits. It is the best measure of the income earned within the region and comparable to gross product.

**Table 14: Total Economic Effects of Special Olympics**  
(Thousands of Dollars)

	Impact from Sources Outside Alaska				Alaska Resident	Total Significance
	Capital	Operations	Visitors	Total Impact		
<b>Sales</b>	\$9,536	\$15,967	\$6,118	\$31,621	\$324	\$31,994
<b>Sales adjusted for Cost of Goods Margins</b>	\$9,962	\$17,795	\$8,187	\$35,945	\$462	\$36,407
<b>Jobs</b>	71	207	102	379	5	384
<b>Payroll</b>	\$2,530	\$7,233	\$1,914	\$11,676	\$97	\$11,773
<b>Value Added</b>	\$5,052	\$9,914	\$3,842	\$18,808	\$191	\$18,999

Source: ISER IO Model

"Sales adjusted for Cost of Goods Margin" includes the impact from the trade industry procuring goods. See Appendix J for a description of the cost of goods margin.

"Capital" includes impact from spending by the Game Organizing Committee for new construction and facilities improvements.

"Operations" includes impact from all spending by the Game Organizing Committee to prepare and to stage the Games

"Visitors" includes impact from all spending by visitors from places outside Alaska

"Total Impact" includes impact from Operations, Capital, and Visitors

"Alaska Residents" includes impact from spending by Anchorage residents and Alaska residents from other parts of the state.

"Total Significance" includes "Total Impact" plus Alaska Residents impact

#### **D. Impacts versus Significance**

The economic effects reported so far were based on an economic *impact* analysis. We also used the ISER input-output model for an economic *significance* analysis. An economic impact analysis assumes that the changes in economic activity would *not* occur without the measured change in final demand. An impact analysis typically includes only spending originating from *outside* the region and it includes only new spending that occurred as a direct result of the event. In the case of the Special Olympics, the spending by non-resident visitors was included in the economic impact analysis. In addition, the Game Organizing Committee spending that both originated outside Alaska *and* ended up in the Alaska economy was part of the economic impact. As noted earlier, we could not clearly delineate what portion of Game Committee revenues that originated from inside Alaska. For this report, we assumed that all Game Organizing Committee revenues originated from sources outside Alaska.

An economic significance analysis is broader and the assumptions less restrictive than an impact analysis. A significance analysis includes all spending associated with the event. It includes spending from both inside and outside the state. It also includes some spending that may be associated with the event but may have occurred *even without the event*. In practical terms, a significance analysis often includes spending from local residents. Their spending does not originate from outside the state and would likely have occurred even without the event.

In the case of the Special Olympics, spending by Alaska residents may have occurred even without the Games. This resident spending may have been diverted from spending at other activities or purchases within the state. As a result, resident spending created a redistribution of purchases within the state, but not a net increase in total spending in the local economy. To assess the total significance of the Special Olympics, we included spending by Alaska residents in the calculations. Alaska resident spending added just over \$324 thousand in sales, \$97 thousand in payroll and about 5 jobs to the total significance of the Games. These effects were much smaller than those from non-resident visitors or the Game Organizing Committee because local residents typically visited the events only for a few hours and for a few days and did not purchase lodging or rent cars as many visitors did.

#### **E. Effects Outside Alaska**

Besides the economic impacts of the Special Olympics within the state of Alaska, the 2001 World Winter Games also had economic impacts outside the state. In total, about \$6.8 million of the money spent for the Games went out of state. As previously summarized in Table 13, the Game Organizing Committee purchased about \$868 thousand for supplies, materials, and equipment from businesses located outside Alaska. In addition, about \$417 thousand of Game Organizing Committee spending leaked directly outside the state to procure goods and services. Roughly, \$2.6 million non-resident visitor spending directly leaked out of the state economy to procure goods from businesses located outside Alaska. In addition, non-resident visitors to Alaska spent almost \$2.9 million for air transport to Alaska. Although all these effects are associated with the Games, we did not include them in the total impact or total significance of the Games because they did not affect the Alaska economy.

## **VI. Specific Effects**

### **A. Impacts by Industry**

The Special Olympics had broad effects on a variety of different industries. As shown in Table 15, most of the visitor spending went to visitor industries, including hotels and lodging, rental cars, tour operators, restaurants, bars, retail stores, and other industries that cater to tourists. In addition, the Game Organizing Committee spent money in a wide variety of industries, including construction, printing and publishing, numerous different business services, finance, real estate, transportation services, communications, medical services, and other industries that normally do not receive expenditures from regular visitors.

The businesses listed in Table 16 served as vendors for the Game Organizing Committee. These businesses received most of the Game Organizing Committee operations spending. Many of the vendor hotels were located in downtown Anchorage, and most visitors stayed at these downtown hotels. As a result, a substantial amount of spending by visitors likely went to downtown visitor businesses near the hotels. Aside from snack bars, hot dog stands, and espresso carts there were few vendors located at the sport venues. The notable exception was the Alyeska Resort, which has numerous restaurants, cafeterias, and retail shops near the sporting venues. Hilltop ski area and the McDonald Ice Skiing Center each have small snack bars but no nearby restaurants or retail shops. The Tesoro Ice rink has a small retail shop, a snack bar, and a bar on the premises and several restaurants and retail shops within a mile. During the Games, Kincaid Park and the Fed Ex hangar each had a several vendors with mobile foot carts.

**Table 15: Total Impact by Industry**

<b>Industry</b>	<b>Output</b>	<b>Payroll</b>	<b>Employment</b>
<b>Total</b>	\$31,620,619	\$11,676,455	379
Agriculture and AFF Services	\$26,793	\$7,358	0
Forestry	\$1,718	\$360	0
Fishing	\$16,593	\$3,477	0
Crude Petroleum and Natural Gas	\$522,715	\$48,480	1
Other Mining	\$47,270	\$15,453	0
New Construction	\$6,514,950	\$1,656,073	36
Maintenance and Repair	\$366,586	\$156,713	3
Food and Kindred Products	\$133,144	\$19,476	1
Paper and Allied Products	\$9,137	\$1,462	0
Chemicals and Petroleum Processing	\$936,968	\$37,821	1
Lumber and Wood Products	\$20,285	\$3,139	0
Other Manufacturing	\$409,018	\$100,707	3
Railroads	\$46,571	\$11,967	0
Local and Interurban Transit	\$1,289,887	\$331,455	21
Motor Freight and Warehousing	\$1,159,870	\$298,045	9
Water Transportation	\$33,799	\$8,685	0
Air Transportation	\$454,564	\$116,807	3
Pipelines	\$22,831	\$5,867	0
Transportation Services	\$440,818	\$113,274	4
Communication	\$2,373,601	\$661,903	16
Electric, Gas, Water, and Sanitary	\$886,169	\$70,660	1
Wholesale Trade	\$1,092,927	\$423,958	12
Retail Trade	\$2,808,126	\$1,318,720	75
Finance	\$426,211	\$167,541	6
Insurance	\$408,407	\$171,369	5
Real Estate	\$2,482,182	\$33,378	1
Hotels, Lodging, Amusements	\$1,517,444	\$461,339	30
Personal Services	\$155,030	\$72,840	5
Business Services	\$1,408,116	\$728,586	31
Eating and Drinking	\$1,515,898	\$447,073	25
Health Services	\$609,120	\$343,869	10
Miscellaneous Services	\$1,086,542	\$388,180	15
Federal Government Enterprises	\$155,175	\$55,438	1
State & Local Government Enterprises	\$15,373	\$5,492	0
Households	\$2,226,783	\$27,432	0
State and Local Government*	NA	NA	NA

Source: ISER Input Output Model  
 See the "Fiscal Impacts" of this report for impacts on state and local government

**Table 16: Game Organizing Committee Vendors**

Type of Business	Name of Business	Location in Anchorage	Percent who Stayed at Hotel
<b>Housing</b>	Alyeska Hotel	Girdwood	4%
	Best Western Barratt	Spenard	1%
	Captian Cook	Downtown	4%
	Clarion Suites	Downtown	3%
	Days Inn	Downtown	0%
	Hawthorne Suites	Downtown	1%
	Hilton	Downtown	6%
	Holiday Inn Downtown	Downtown	6%
	Inlet Towers	Downtown	13%
	Residence Inn	Midtown	5%
	Sheraton	Downtown	7%
	West Coast International	Spenard	1%
	Westmark	Downtown	2%
<b>Food</b>	Eurest Statewide (box lunches)	Areawide	
	Mayflower	Areawide	
	Egan Center	Downtown	
	Ten Dining Halls in Hotels	Downtown	
	Food Service of America	Areawide	
<b>Miscellaneous</b>	Arctic Office Supply	Midtown	
	Alaska Industrial Hardware	Spenard	
<b>Transportation</b>	Grayline of Alaska	Areawide	
	Laidlaw	Areawide	
	People Mover	Areawide	
	Magic Bus	Areawide	
	AVIS	Areawide	
	Sullivan Arena Parking Control	Midtown	
	Alaska Laser Wash	Midtown	
	Craig Taylor Heavy Equipment	Areawide	
	Para Transit	Areawide	
	Warning Lights of Alaska	Areawide	
	Municipality of Anchorage -- Road Closures	Areawide	
	Anchorage Parking Authority	Areawide	
	Tesoro (donated gas)	Areawide	
	U-Save auto rentals	Areawide	
	High Country Auto	Areawide	
	Alaska Railroad (donated facility)	Downtown	
	Alaska Seafood International (donated facility)	Downtown	
Source: Game Organizing Committee and ISER Surveys			

## **B. Seasonality**

The economic effects described so far occurred over a period of two years. We did not attempt to separate the impacts during each year, but it was important to note when and how quickly the impacts occurred. As summarized in Table 17, most of the Game Organizing Committee expenditures were made just prior and during the Winter Games from March 4-11, 2001. Most capital expenditures were made during the summer and fall construction season of 2000, less than a year before the Games. Non-resident visitor spending came mostly during the first two weeks of March 2001. The remaining multiplier effects from re-spending in the local economy continued for several months after the Games.

The bulk of the new spending associated with the Games occurred during the off peak winter season, a typically slow time for the visitor industry in Anchorage. The Anchorage visitor industry regularly experiences substantial seasonal fluctuations: over one million visitors come to Anchorage during the summer months (May through August) and half as many come during the remaining eight months of the year. We conducted a mail out survey of local businesses in the visitor industry to learn more about how they typically respond to seasonal business fluctuations and how the Special Olympics may have off set this seasonality.<sup>10</sup> Over half of surveyed businesses reported that during the off-peak winter season, they reduced the number of workers or their existing workers work fewer hours. Many businesses also reported they opened for shorter hours and increased their marketing to local residents.

According to results from the ISER business survey, the Games partially offset this seasonality by enabling businesses to attract more customers, extend hours for workers, and retain existing workers.<sup>11</sup> About half noticed more sales or customers during the Games, and businesses reported, on average, a 34% increase in customers and a 36% increase in sales. In response to this increase in business, about a third of businesses increased the hours of existing staff or increased their inventory. Relatively few businesses responding to our survey added temporary employees, increased advertising, or changed prices.

Previous studies of the impact of the Special Olympics reported far less substantial increases in sales and customers than observed in Anchorage. Some previous studies reported a decline in business because crowds of visitors discouraged local residents from visiting businesses.<sup>12</sup> We found mixed evidence about whether local residents were discouraged from patronizing downtown businesses due to the traffic and crowds during the Games. The Games happened immediately after the start of the Iditarod Sled Dog race which created much more of a disruption in downtown than the Special Olympics.<sup>13</sup> The Games occupied the Eagan center and most of the Games crowd centered primarily at this facility. During the Games, there were certainly many more tourists walking the downtown streets, but no more than a typical summer tourist day. Most of Fourth Avenue, the main street in downtown Anchorage, is set up with restaurants, souvenir shops, art galleries, and other attractions that cater to tourists. It is commonly viewed as the tourist district of Anchorage. Therefore, the influx of Special Olympics visitors in downtown Anchorage likely did not crowd out locals any more than a typical summer day during the height of the tourist season. Results from our survey confirm that most businesses reported more total sales and customers. In the ISER survey, some businesses reported the locals did not come as they usually do. Notably, a few restaurants mentioned some

regular customers worked at the Games instead of coming to the restaurants. A few downtown hotels mentioned they were filled to capacity and turned away customers. We have no estimates of the number of hotels or customers who were turned away.