

**The Economic Impact of the
2001 Wisconsin State Fair**

University of Wisconsin-Milwaukee

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Executive Summary

- In 2001, the total impact of the State Fair's operating and capital expenditures – including indirect and induced effects – was 67 million dollars to the local region and 48.8 million dollars to the State.
- The 2001 Wisconsin State Fair had a direct impact – measured by wages paid to its employees, its purchases from local vendors and spending by out-of-town visitors – of 25.7 million on Milwaukee County and 15.5 million on the State of Wisconsin as a whole.
- The total impact of the 2001 Wisconsin State Fair's operating expenditures – including indirect and induced effects – was 46.1 million for Milwaukee County and 27.9 million for the State.
- Since the majority of visitors to the Fair are State of Wisconsin residents, Fair spending has a greater impact on this region than the State as a whole. For example, a Fair visitor from La Crosse provides a direct impact on the local region by spending their dollars here rather than in La Crosse area. The dollars have not left the State, rather, they are diverted to southeastern Wisconsin.
- In 2001, the State Fair spent over 10 million dollars on capital expenditures – including machinery and buildings – these expenditures provided a total impact (including indirect and induced effects) of over 20 million dollars to both the region and the State
- Of the State Fair employees, 90 percent reside within Milwaukee County.

About this Report

This report was produced at the University of Wisconsin-Milwaukee Center for Economic Development (UWMCED), a unit of the College of Letters and Science. UWMCED was established by the College in 1990, with the assistance of a grant from the U.S. Department of Commerce, Economic Development Administration's (EDA) "University Center" program to contribute to the retention and expansion of Southeastern Wisconsin's employment base by providing university research and technical assistance to community organizations and units of government. The analysis and conclusions presented in this report are solely those of UWMCED and do not necessarily reflect the opinions of UW-Milwaukee or any of the Center's funders.

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Further information about the Center and its reports and activities are available at our website: <http://www.ced.uwm.edu>.

Introduction

More than 2,700 state, county, and regional fairs in the United States attract more than 120 million visitors annually.¹ Despite intense competition for local and visitor entertainment dollars within an economy, fairs continue to thrive. And, for good reason, these events can generate significant economic impact for local and regional economies.

The economic impact of fairs on communities can be gauged in a number of ways. The purchase of goods and services from local vendors and businesses has a direct economic impact on a community. Additionally, fairs create jobs, which in turn, bolster community income and tax base. Finally, fairs and events lure visitors from outside the local community thereby infusing new revenue into the region.

This report will examine the economic impact of the Wisconsin State Fair on the local and regional economies. As a part of our analysis of the economic impact of State Fair, we consider the *direct, indirect, and induced* economic effects the Fair activities generate. This report will consider the Fair's impact on both Milwaukee County and the region for the 2001 event season.² Our analysis first examines the direct economic effects of the Fair. Direct effects are determined by: purchases made by the Fair from local vendors, salaries and wages paid to employees, and expenditures by visitors from outside of the County and State. Additionally, we will examine the impact of Fair spending as it moves through the regional and state economies. These effects are referred to as *indirect* and *induced effects*.

Methodology

In assessing the economic impact, we use an input-output model to examine the effects of State Fair spending on employment and output throughout the County and region. An input-output model considers how all sectors of an economy are

¹ See Juno: About State Fairs. www.funrises.com/PDFs/junostatefair.pdf

² This study will consider only the impact of the 2001 Fair itself. Accordingly, it will not include the overall impact of State Fair Park events such as the Milwaukee Mile, concerts, and other revenue-generating activities.

interconnected. Accordingly, the model helps illustrate how employment and output in one sector affects all other sectors of a given economy. As noted earlier, the model combines three economic impact elements. These include:

- **Direct effects**

These represent the employment and output created directly by the Fair, the purchases it makes from local vendors, or the salaries it pays to local employees;

- **Indirect effects**

These occur when Fair organizers purchase good and services from local service providers and suppliers;

- **Induced effects**

These occur when employees—both those employed directed by the Fair or by firms and vendors whose business activity is increased by Fair expenditures---“recycle” their wages through the local economy.

As these various expenditures move through a given economy, they produce employment, output, and income growth. Thus, as direct Fair-related expenditures move through the local economy, they promote additional rounds of spending, employment, and output. The measure of this activity is known as the *multiplier effect*. The extent of the multiplier effect on a given economy is dependent upon how much “leakage” occurs from the initial expenditures. Leakage occurs when employees’ wages are spent outside of the local economy or when expenditures for goods and services are made from businesses located outside of the regional economy.

Multipliers are derived from a detailed analysis of inter-industry linkages and consumer spending patterns. The multipliers used for this report are: 1.7986 for wages, purchases, and visitor spending calculations. Capital expenditures including building improvements and construction in progress will be calculated using 2.0654. Expenditures for machinery, and equipment will be calculated using 2.0397.³

³ Multiplier for various sectors are available on the Bureau of Economic Analysis website at www.bea.gov.

Direct Economic Impact

Purchases

We begin with an analysis of the direct impact of the 2001 State Fair as measured in actual dollar output. In 2001, State Fair purchased a total of \$1,493,247 in goods and services to support fair-related activities.⁴ State Fair purchases for 2001 are detailed in the table below:

Table 1 Vendor Purchases

Vendors within Milwaukee County	\$936,397
Vendors within the State	\$417,720
Vendors from outside Wisconsin	\$139,130
Total Purchases	\$1,493,247

Of total purchases, slightly less than 10 percent represented “leakage” to out-of-State vendors. The majority, or 90 percent, was from vendors within the State of Wisconsin. Moreover, 62 percent was paid to businesses within Milwaukee County. Thus, the direct force of the 2001 Fair’s economic impact was retained within the local and regional economies (see Table 2 for summary of the Fair’s Direct Economic Impact).

Labor Force

With a combined regular and seasonal workforce of over 1600 employees, the State Fair represents a major source of employment within Milwaukee County. Additionally, over 80 percent of Fair employees reside within Milwaukee County, providing direct economic benefits to the County. Of the 4.7 million dollars in gross wages, slightly more than 3.1 million dollars were paid out to Milwaukee County residents. These dollars then work their way through the local economy proving a continued multiplier throughout the system.

Wages to Milwaukee County Residents:	\$3,130,114
Wages to Out-of-County Residents:	\$1,583,173

⁴ All data used in this report, unless otherwise noted, is provided by the Wisconsin State Fair administration.

The Fair also serves as an important source of entry-level jobs, particularly for minorities and women. Throughout its job classifications, the Fair serves as an equal-opportunity employer. Approximately one-third of its permanent employees are minorities and over half are female. Of its seasonal workers, the numbers vary, but in 2001, the year examined in this report, approximately 20 percent were minority and over 80 percent were female.

Visitor Spending

In addition to the direct spending by State Fair on both purchases and wages paid to employees, the Fair's economic impact can also be gauged by purchases made by visitors (either from outside of the Southeastern Wisconsin region or from outside of the State of Wisconsin) to the ten-day event. As a part of their overall event participation, visitors will spend money on goods and services such as restaurants, hotels, gasoline, etc.

A recent market analysis of 2001 State Fair visitors reveals the following breakdown:

- 70 percent live within Southeastern Wisconsin
- 30 percent from outside of the region⁵

The survey results estimate that approximately 22.4 million was spent by fair-goers "on-grounds" items such as food, beverage, parking, and admissions.

Of the 30 percent of visitors who came from outside of the region, the survey data estimate that 28 percent stayed an average of 2.2 nights spending on average \$120.⁶ Based upon visitor expenditure data provided in the marketing analysis, we calculated the

⁵ Figures reported are taken from a detailed marketing study of the 2001 State Fair completed by EventCorp Services Inc., Port Moody B.C. Canada, August 2001.

⁶ See EventCorp report, p.2.

economic impact by those attendees who reside within Southeastern Wisconsin and by those from out-of-state.

Tables 2 and 3 below summarize the economic impact findings. It should be noted that since the majority of Fair attendees are State of Wisconsin residents, event spending has a greater impact on Southeastern Wisconsin region than the State as a whole. For example, Fair visitors from La Crosse provide a direct impact on the local region by spending their dollars here rather than in the La Crosse area. The dollars have not left the State, rather, they are diverted to Southeastern Wisconsin. Dollars coming from outside of Wisconsin, however, have an impact on both the regional and State economies. Accordingly, the impact of in-state visitor spending has been deducted from the State impact figures (see table 3 below).

Table 2

Estimated Direct Economic Impact of the 2001 State Fair (within Milwaukee County)

Purchases made from vendors within Milwaukee County	\$936,397
Salaries paid to employees residing in Milwaukee County	\$3,130,114
Local spending by visitors	\$21,608,021
Total direct economic impact of the Fair on Milwaukee County	\$25,674,532

Table 3

Estimated Direct Economic Impact of the 2001 State Fair for Wisconsin

Purchases made from local and statewide vendors	\$1,354,117
Salaries paid to employees residing within the state	\$4,713,287
Local spending by visitors	\$9,453,569
Total direct economic impact of the Fair with Wisconsin	\$15,520,973

Total Economic Expenditures

After completing the analysis of direct expenditures, we now examine the economic impact with regard to the multiplier effect. Tables 4 and 5 below summarize the findings. As noted earlier in the report, 1.7986 is the multiplier used for wages, purchases, and visitor spending calculations.

Table 4 Estimated Total Economic Impact on Milwaukee County

Total direct economic impact	\$25,674,532
Value of Multiplier	1.7986
Total Economic Impact:	\$46,178,213

Table 5 Estimated Total Impact on the State of Wisconsin

Total direct economic impact	\$15,520,973
Value of Multiplier	1.7986
Total Economic Impact	\$27,916,022

Capital Expenditures

The final facet of the direct local economic impact is gauged by capital expenditures. Table 6 summarizes the economic impact of capital expenditure. As noted earlier, the multiplier for capital expenditures differ by sector. Capital expenditures including building improvements and construction in progress are calculated using 2.0654. Expenditures for machinery, and equipment are calculated using 2.0397

Table 6 Estimated Total Annual Economic Impact of Capital Expenditures

Capital Expenditures: Building and Improvements	
Construction in progress	\$10,089,140

Multiplier	2.0654
Economic Impact	\$20,838,110
Capital Expenditures Machinery and Equipment	\$28,654
Multiplier	2.0397
Economic Impact	\$58,446
Total Economic Impact: Capital Expenditures	\$20,896,556

These figures represent transactions for 2001 (year ending June 30) only.

Conclusion

In summary, the 2001 Wisconsin State Fair had a direct impact, measured by employee wages, purchases from local vendors, and spending by out-of-town visitors, of 25.7 million on Milwaukee County and 15.5 million on the State of Wisconsin as a whole. The total impact of the 2001 Wisconsin State Fair's operating expenditures, including indirect and induced effects, was 46.1 million for Milwaukee County and 27.9 million for the State. Finally, capital expenditures contributed to more than \$10 million in additional direct spending.

Based upon the data analyzed in this report, the State Fair's total economic impact on Milwaukee County (including capital expenditures of \$20 million dollars) was \$67 million dollars to the local region and \$48.8 million dollars to the State of Wisconsin.⁷

⁷ It should be noted that the \$20 million dollars in capital expenditures is for the year 2001 year ending June 30, 2001. Capital expenditures vary from year to year.