

**THE ECONOMIC IMPACT ON
THE STATE OF GEORGIA OF HOSTING
THE 1996 SUMMER OLYMPIC GAMES**

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by

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EXECUTIVE SUMMARY:
THE ECONOMIC IMPACT OF HOSTING
THE 1996 SUMMER OLYMPIC GAMES ON THE STATE OF GEORGIA

Atlanta's winning bid to host the 1996 Summer Olympic Games will bring tremendous economic benefits to the State of Georgia. These benefits will be realized not just in 1996 when the Summer Games are held, but also during the years before and after the events. This study identifies both the short-term financial impacts of hosting the Olympic Games accruing to Georgia's economy during 1991-1997 and the long-term impacts, often referred to as Olympic legacies.

The short-term economic impacts (1991-1997) will result from new dollars brought into the region by the Atlanta Committee for the Olympic Games (ACOG), related sporting and cultural events, the media, Pre-Olympic training, marketing activities, athletes, officials, spectators, and other visitors to Georgia. The initial injections of new dollars will occur primarily in and around Atlanta, Athens, and Savannah, and to a lesser extent in the Columbus and Gainesville areas, but re-spending of these dollars will have effects that will be felt in even the smallest hamlet in Georgia.

The long-term benefits that hosting the Games will have on Georgia are referred to as Olympic legacies. The major legacies fall into three categories: (1) the creation of world class facilities; (2) national and international recognition of city and state through extensive media exposure; and (3) community benefits including local volunteerism, job creation and

training, youth and education programs, funding for community economic development projects, and cultural programs.

PHASE I AND PHASE II OLYMPIC IMPACT STUDIES

In the fall of 1989, the Atlanta Organizing Committee's Games Financing Committee asked the University of Georgia to assist with the bid for the 1996 Olympic Games by assessing the statewide economic impact of hosting the Summer Olympic Games in Atlanta. The preliminary economic impact study was completed on February 9, 1990. The preliminary study also laid the foundations for a more comprehensive analysis once Atlanta had been selected as the host city and more detailed financial forecasts and event schedules were available.

The completion of ACOG's 1991 Financial Forecast Update allowed the second phase of the economic impact analysis to proceed. ACOG asked the Polk-McRae Consulting Group, an economic/management consulting firm, and the Simon S. Selig, Jr. Center for Economic Growth, Terry College of Business, The University of Georgia, to update, refine, and broaden the scope of the preliminary economic impact study. The Phase II study was completed in August of 1992. Neither the Phase I nor the Phase II study attempted to document Olympic legacies.

PHASE III OLYMPIC IMPACT STUDY

Completion of both the updated visitation model and the 1994/1995 Financial Forecasts allowed this third phase of the economic study to proceed. The Phase III study was conducted by the Simon S. Selig, Jr. Center for Economic Growth, Terry College of Business, The University of Georgia and IRE Advisors, an Atlanta-based economic and financial management consulting firm.

The Phase III study estimates quantitatively the short-term economic impacts to the State of Georgia that will flow from hosting the 1996 Summer Olympic Games. The impacts are stated for the period 1991-1997, inclusive. The impact estimates are neither goals for, nor limits on, growth, but are simply the most likely of many possible outcomes. For the first time, the study identifies some of the long-term impacts of hosting the Games, called "Olympic legacies".

The study also is designed to provide basic information to the community at large; to support marketing endeavors, including sponsorships and supplierships; to capture, in a concise yet comprehensive manner, the economic impact of all activities associated with the 1996 Summer Olympic Games; and to aid in building and sustaining public support for the Olympics.

THE CONCEPT OF SHORT-TERM ECONOMIC IMPACT

This study defines short-term economic impacts as the net changes in regional output, earnings, and employment that are due to new dollars

flowing into the region from outside the region. The region is defined as the state of Georgia. Accordingly, the effects of expenditures originating from within Georgia are not included in the impact estimates. Throughout the study, only those expenditures that represent the statewide repercussions of spending originating from outside the state are counted as economic impacts. Moreover, expenditures that immediately flow to recipients located outside Georgia are not counted as economic impacts.

Conceptually and analytically, the short-term economic impacts fall into four broad categories: direct, indirect, induced, and total impacts. Direct impacts are simply the share of ACOG's spending that initially purchases goods and services produced by Georgia's industries to satisfy the additional demand. Indirect economic impacts are the share of visitors' spending that initially purchases goods and services provided by Georgia's industries to satisfy the additional demand. Direct and indirect impacts exclude expenditures that originate in Georgia and expenditures that immediately flow to businesses or households outside Georgia. The induced economic impacts are the multiplier effects of the direct and indirect impacts, created by respending the amounts involved in the direct and indirect impacts. The multiplier values used in this study to estimate the induced impacts were obtained from customized versions of the U.S. Department of Commerce's Regional Input-Output Modeling System (RIMS II). The total economic impact of the 1996 Summer Olympic Games therefore is the sum of the direct and indirect impacts and their respective induced impacts.

THE DIRECT ECONOMIC IMPACT OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

Spending by ACOG represents the direct economic impact of hosting the Summer Olympic Games. Estimating the direct economic impact of the Summer Olympic Games involved four distinct steps. First, ACOG's actual and forecasted expenditures were obtained. Second, such expenditures were allocated to RIMS II industrial categories. Third, budgeted expenditures were reduced to eliminate spending that immediately flows to recipients located outside Georgia. Finally, off-budget expenditures were added to budgeted expenditures to obtain a more complete estimate of direct economic impact. Off-budget expenditures are considered revenue-neutral, and therefore have not been included in ACOG's budget. An example is the cost of obtaining equipment for international broadcasters. This expense should be included in economic impact, but has been excluded from ACOG's budget because it is assumed that ACOG will collect payments from the broadcasters in an amount equivalent to ACOG's cost of obtaining the equipment.

If this study's projections hold, for the period 1991-97 direct spending associated with the 1996 Summer Olympics will total \$1,162 million.

THE INDIRECT ECONOMIC IMPACT OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

The indirect economic impact of the 1996 Summer Olympics is that portion of spending by out-of-state visitors that purchases goods and services

produced by Georgia's industries to satisfy the additional demand. Out-of-state visitation during the Olympic Games makes up the largest segment of Olympic-related visitor spending, and falls into seven categories:

(1) sponsors, (2) broadcasters, (3) international spectators, (4) the general public (domestic), (5) members of the Olympic Family, (6) athletes and officials, and (7) spectators at the yachting event in Savannah (for which no tickets will be sold).

Hosting the Summer Olympics also brings significant numbers of visitors to the state before and after the Games. Pre- and post-Olympic related spending arises from ten groups of visitors: Broadcast, Cultural, Marketing, Olympic Family, Press, Purchasing, Security, Sports Program, Savannah Pre-Olympic, and Pre-Olympic Training.

Spending by out-of-state visitors is projected at \$1,265 million, of which \$1,146 million flows to businesses or households located in Georgia (indirect economic impact). Indirect spending by out-of-state visitors during the 18 days near to and during the Olympic Games amounts to \$823 million, or about 72 percent of the total indirect economic impact. Spending by out-of-state visitors both before and after the Games generates the remaining 28 percent (\$323 million) of indirect economic impact.

THE INDUCED AND TOTAL OUTPUT IMPACT OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

As noted previously, impacts created by hosting the 1996 Summer Olympics are not limited to direct and indirect spending, but also include the

induced (multiplier) effects that are created through successive rounds of respending the initial dollars within the state. Bringing together the direct, indirect, and induced economic impacts provides a more complete picture of the total impact of the Games on the state's economy.

For each spending class, the RIMS II model was used to calculate the total output impact of hosting the Summer Olympic Games. The induced impacts were then derived from the totals by subtracting the direct or indirect impacts for each spending category from the total output impact of that category. The RIMS II model indicated which industries are affected and by what amounts.

The direct or indirect, induced and total output impacts generated by each class of spending are reported in Summary Table 1. The combined impact of all direct, indirect, and induced expenditures on output is \$5,142 million: \$2,308 million represents the direct and indirect impacts and \$2,834 million represents induced (respending) impacts. Direct spending and its associated induced spending account for 51 percent, or \$2,630 million, of the total output impact, and indirect spending and its associated induced spending account for 49 percent (\$2,511 million) of the total output impact. In other words, for every dollar of output generated by ACOG in its effort to organize the 1996 Games, almost one dollar of output will be generated by visitors' spending.

Summary Table 2 provides a detailed allocation of the output impacts produced by all direct and indirect spending sources. Output impacts are attributed to impacted industries rather than to expenditure sources. Lodging and amusements, business services, wholesale and retail trade, and eating

and drinking places are the industries that enjoy the greatest benefits from Olympic-related spending.

THE TOTAL EARNINGS AND EMPLOYMENT IMPACTS OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

The economic impact of hosting the 1996 Summer Olympics is most easily understood in terms of its effects on earnings and employment. Earnings and employment multipliers were obtained from the RIMS II model. Impacts in these dimensions are two other ways of looking at the effects of the Olympic Games, but note that earnings impacts already are included in the output impacts (although not separately stated) and should not be added in again. Similarly, employment impacts are simply another measure of economic impact and obviously should not be added either to the output or to the earnings impact.

The first column of Summary Table 3 reports the total earnings impacts, including induced effects, for each category of direct and indirect spending. Spending by ACOG (direct) will generate \$1,102 million in earnings. Visitors' spending (indirect) will generate \$814 million in earnings. Combining the direct and indirect impacts shows that hosting the 1996 Summer Olympic Games will generate \$1,916 million in earnings for the statewide economy. Summary Table 4 provides a detailed allocation of the earnings impacts produced by all direct and indirect spending sources. Earnings impacts are attributed to impacted industries rather than to expenditure sources.

Employment impacts accruing to the state as a result of hosting the 1996 Summer Olympic Games total over 77 thousand full- and part-time jobs. The total employment impacts reported in Summary Table 3 include induced employment impacts. Direct spending by ACOG generates 36 thousand jobs (47 percent of the total). Indirect spending by out-of-state visitors generates 41 thousand jobs (53 percent of the total).

Summary Table 5 shows in more detail, industry by industry, where the jobs will be created. Employment impacts are attributed to impacted industries rather than to expenditure sources. The largest employment impacts are in lodging and amusement (18,067 jobs), eating and drinking places (11,689 jobs), wholesale and retail trade (10,859 jobs), and business services (10,483 jobs). A total of 2,807 jobs are expected in new construction, with renovation and repair construction adding another 1,228 jobs.

COMPARING THE UPDATED IMPACTS TO THOSE OF THE PHASE II STATEWIDE ECONOMIC IMPACT STUDY

Expressed in 1994 dollars, the Phase II economic impact study, issued in 1992, estimated that the output impact of hosting the 1996 Summer Olympic Games would total \$5,340 million (Summary Table 6). The updated value equals \$5,142 million. This amount is smaller than the value expressed in the preliminary study by only 3.7 percent (\$198 million). Expressed in 1994 dollars, the 1992 economic impact study estimated that the earnings impact of hosting the 1996 Summer Olympic Games would total \$1,925 million. The updated value is approximately the same, \$1,916 million (Summary Table 7).

Summary Table 7 also indicates that the employment impact of hosting the 1996 Summer Olympic Games is slightly lower than the value reported by the 1992 study. The updated impact estimate, totaling 77,026 full- and part-time jobs, is 4.2 percent lower than the previous estimate.

THE IMPACT OF THE 1996 OLYMPICS ON REVENUES COLLECTED BY THE GEORGIA DEPARTMENT OF REVENUE

Hosting the 1996 Summer Olympic Games is likely to generate an additional \$176 million in revenue (Summary Table 8) for state government. The actual amount may be somewhat greater, since this estimate includes only revenues derived from personal income taxes, general sales and use taxes, selective sales taxes, and corporation income and license taxes -- approximately 96 percent of the state's net revenue collections in fiscal year 1993. Monies received by state agencies other than the Department of Revenue are omitted. This estimate also omits the value of properties received by the state and the value of improvements to state-owned properties, estimated at \$90 million.

OLYMPIC LEGACIES

Facilities

World-class facilities will be among the most enduring legacies of hosting the 1996 Olympics. They include new facilities as well as enhancements to existing facilities (Summary Table 9). Examples include the

\$189 million Olympic Stadium, the 1,400 acre Georgia International Horse Park, the \$17 million Wolf Creek Shooting Complex, a tennis facility at Stone Mountain, and the \$10 million Lake Lanier Rowing Center.

Many of Georgia's public and private universities will benefit from newly constructed and renovated facilities. To create an Olympic Village, ACOG contributed \$47 million for the construction of new dormitories that will eventually be used to house Georgia Tech and Georgia State University students. To accommodate aquatic events, a new \$24 million natatorium will be built on the Georgia Tech campus. ACOG will spend \$1.5 million to renovate Georgia Tech's Alexander Memorial Coliseum, the Olympic boxing venue. The Atlanta University Center will receive new and upgraded athletic facilities valued at \$51 million. Enhancements valued at \$2 million will be made at Georgia State University to accommodate the Olympic badminton competition.

In addition to facilities built to host Olympic events or house athletes, other types of facilities are being developed, renovated, or expanded as a direct result of Atlanta hosting the 1996 Games. The \$57 million -- privately funded -- Centennial Olympic Park, the Atlanta Convention and Visitor Bureau's new 23,000 square foot Welcome South Visitors Center, and the \$10 million International Sports Plaza are examples of such projects.

Finally, there are hundreds of construction projects that cannot be credited entirely to the Olympics. Many are initiatives that have been on the drawing boards for some time, awaiting the funding needed to support them, and the Olympic momentum has been the catalyst for this funding. These projects are both public and private. They range from major renovation and

expansion programs to small business refurbishments. For example, the extensive renovation of Hartsfield Airport's domestic terminal and concourse will include a four-story atrium surrounded by stores, restaurants and meeting rooms. The atrium project was conceived years earlier, but was not approved until Atlanta won the bid to host the Olympics.

Media Exposure

National and international recognition of the city and state through extensive media exposure will enhance Atlanta's reputation as one of the world's leading business cities. The long-term impact of media coverage will positively affect tourism, conventions, businesses' location and expansion decisions, and foreign direct investment. Since winning the bid to host the 1996 Olympic Games, Atlanta has ranked highly on many published surveys of top cities: Fortune Magazine's list of the Best Environment for Competing in the Global Economy (Atlanta ranked #1), Congnetics Inc.'s list of the Ten Best Places in America to Start and Grow a Company (Atlanta ranked #2), World Trade Magazine's list of the Top Ten Cities for International Companies (Atlanta ranked #1), Ernst & Young Real Estate Investor Forecast's list of the Top Ten Leading Real Estate Markets (Atlanta ranked #1), and Corporate Location Magazine's list of the Top Ten Growth Cities of the Future (Atlanta ranked #6).

In order to capitalize on Atlanta's growing reputation as a global sports center and to take advantage of new and improved athletic facilities, the Atlanta Sports Council, a division of the Atlanta Chamber of Commerce, has developed and implemented a 10-year strategic plan. The Sports Council is in

the process of bidding on 24 major national championships, in partnership with the Atlanta Convention and Visitors Bureau and the Georgia Dome. To date, Atlanta has been awarded the Mobile Indoor Track and Field National Championships for the years 1994-2004, Men's NCAA Basketball Tournament final four round in 2002, and Men's NCAA Basketball Tournament first and second rounds in 1998.

The Atlanta hospitality industry has benefited from the Olympics connection. Between 1990, when Atlanta was named as the site of the 1996 Games, and 1993, overseas arrivals to Georgia surged by 78 percent. Domestic leisure travel to Atlanta grew by more than 35 percent during the same period. The 1996 Games is marketing Atlanta; the area is being included as a destination in travel products on a global basis.

Atlanta's business community recognizes that the 1996 Games represents a marketing tool for the state. A wide variety of public and private plans will capitalize on Olympic exposure. Led by Georgia Power Company, Operation Legacy has established a goal of stimulating the relocation of 20 major companies, to create 6,000 direct jobs and 12,000 indirect jobs, and to add \$150 million in annual payroll. The Atlanta Chamber of Commerce has undertaken a marketing campaign, Forward Atlanta, to take advantage of the momentum created by the 1996 Games. The Georgia Department of Industry, Trade, and Tourism has received \$8 million from the Georgia General Assembly for a marketing campaign called Georgia Global Now. All of these marketing campaigns will generate legacies in terms of employment, payroll, tourism, and capital investment.

Community Benefits

Many Olympic-related programs will have a positive affect on the quality of life within the community. Although the success of many of these programs will be difficult to measure in economic terms, their impact on individuals, groups and the community at large will be an important legacy of the 1996 Games. These programs include ACOG initiatives as well as cooperative efforts involving community groups and state and federal agencies.

One of the most impressive legacies of hosting the 1996 Games is the mobilization of the Olympic Force, a group of 700,000 volunteers who contribute to various community efforts through more than 1,700 community and civic groups.

The Olympics has inspired several job training programs. A collaborative effort between Clark Atlanta University and Atlanta Olympic Broadcasting (AOB), known as the Host Broadcast Training Program (HBTP), provides college students with an opportunity to participate in the broadcast of the Games. The Neighborhood Job Training and Employment Program is designed to train and employ a minimum of 300 economically disadvantaged workers from Olympic venue host neighborhoods to work on the construction of Atlanta's Olympic venues. The Construction Related Employment of Women (CREW) is a Georgia Department of Labor program funded by a grant from the U.S. Department of Labor. The program has trained and employed up to 100 women in construction jobs at Olympic venues.

The 1996 Games play an important role in securing grants for community projects from private, state, and federal sources. The \$100 million federal "empowerment grant" is an example. During President Clinton's speech at ACOG, he noted that the 1996 Games was a critical factor in distinguishing the City of Atlanta from other applicants for the Empowerment Zone Grant. Additional examples include the Atlanta Regional Commission's approval of \$19 million for design and construction of pedestrian walkways in the central city and the Atlanta University Center area, Congressional approval of \$11 for improvements at the Martin Luther King, Jr. Historical Site, and grants from the Federal Transportation Administration to MARTA. Additionally, the Olympics has generated a wide range of cultural and youth-oriented programs.

CLOSING COMMENT

In the simplest and broadest terms, the short-term economic impact of hosting the 1996 Centennial Olympic Games on Georgia's economy is projected at \$5.1 billion. This amount represents the impact of hosting the Olympics on output or sales. Out of the \$5.1 billion, \$2.6 billion will be generated through ACOG's expenditures and \$2.5 million through spending by out-of-state visitors. Hosting the 1996 Summer Olympic Games will add \$1.9 billion in earnings to the state's economy and over 77 thousand full- and part-time jobs. The Games should boost revenue collections by the Georgia Department of Revenue by \$176 million.

In addition to these short-term financial impacts, hosting the Olympic Games will increase the economic vitality of the state in longer-lasting, but admittedly less measurable, ways. Although the overall legacy of the 1996 Games cannot be quantified, it can be identified. (1) The Olympics will leave a legacy of world-class facilities. (2) The Olympics will spur renovation and expansion of existing facilities. (3) Hosting the Games will enhance Atlanta's reputation as a world-class location for sporting events, conventions, and leisure travel. (4) Olympic-related business contracts and visitation will provide opportunities for Georgians to make initial contacts and cement relationships with current and future leaders throughout the globe. The Olympics therefore may serve as a catalyst for much additional trade and investment. (5) Direct, indirect, and induced spending associated with hosting the Games may provide the dollars some existing businesses need for expansion and may also help start-up businesses to get through their typically "lean" early years. (6) The Olympics will provide community benefits including local volunteerism, job creation and training, youth and education programs, funding for community development projects, and cultural programs.

In short, the Olympics will provide both short-term impacts as well as less measurable long-term impacts. The Olympics will showcase the state. During the Games, Georgia will be the stage upon which many of the world's present and future leaders and decision-makers will walk. The opportunity to foster long-term business relationships will be enormous. The long-term beneficial effects on decisions regarding investment, trade, corporate relocation, government spending, convention sites, the location of major

sporting events, and vacation plans will likely be among the most enduring, yet statistically untraceable, legacies of the Games.

Summary Table 1
Output Impact of 1996 Olympics on Georgia's Economy

Expenditure Category	Total Spending (\$ 1994)	Direct and Indirect Expenditures (\$1994)	Induced Output Impact (\$1994)	Total Output Impact (\$1994)
DIRECT SPENDING BY ACOG	1,529,758,000	1,141,903,000	1,444,322,740	2,586,225,740
OTHER SPENDING	20,000,000	20,000,000	23,944,000	43,944,000
SPENDING BY OUT-OF-STATE VISITORS	1,265,363,037	1,145,994,764	1,364,364,452	2,511,359,220
Pre- and Post-Olympic Games	361,844,685	322,618,346	384,263,394	706,881,744
Broadcast	60,753,796	52,072,557	61,891,990	113,964,547
Cultural Olympiad	9,971,326	9,270,936	11,039,779	20,310,716
Marketing	28,017,994	26,032,813	31,002,778	57,035,591
Olympic Family	11,465,666	10,694,521	12,728,859	23,423,380
Press	28,599,429	26,307,813	31,445,976	57,753,794
Purchasing	1,491,657	1,395,890	1,663,461	3,059,350
Security	15,655,125	13,578,672	16,038,559	29,617,231
Sports Program	93,306,305	85,317,211	102,015,545	187,332,756
Savannah	17,631,789	16,449,976	19,578,496	36,028,472
Training	94,951,598	81,497,956	96,857,950	178,355,906
Olympic Games	903,518,352	823,376,418	981,101,058	1,804,477,476
Sponsors	112,244,262	104,490,495	124,088,769	228,579,264
Broadcast	58,496,883	54,076,111	63,121,014	117,197,125
International	158,737,800	147,399,200	175,555,750	322,954,950
General Public	443,307,093	397,972,620	478,547,468	876,520,088
Olympic Family	114,036,082	105,387,860	123,010,904	228,398,764
Athletes/Officials	10,123,080	7,895,580	9,476,157	17,371,737
Yachting Spectators	6,573,152	6,154,552	7,300,996	13,455,548
GRAND TOTAL	2,815,121,037	2,307,897,768	2,833,631,192	5,141,528,960

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 2

**Output Impact by Impacted Industry
of the 1996 Olympics on Georgia's Economy**

<u>Numerical Designation of Industry Aggregation</u>	<u>Industry Name</u>	<u>Direct and Indirect Expenditures (\$ 1994)</u>	<u>Induced Impact (\$ 1994)</u>	<u>Total Economic Impact^a (\$ 1994)</u>	<u>Percent of Total</u>
1	Ag. For & Fishery Services	448,261	58,033,667	58,481,928	1.1%
2	For & Fishery Products	13,818	4,125,082	4,138,900	0.1%
3	Coal Mining	96,705	1,375	98,080	0.0%
4	Petroleum & Gas Mining	0	1,691	1,691	0.0%
5	Other Mining	0	3,220,511	3,220,511	0.1%
6	New Construction	212,615,000	0	212,615,000	4.1%
7	M & R Construction	3,645,367	68,899,468	72,544,835	1.4%
8	Food Products	598,653	214,495,951	215,094,604	4.2%
9	Textile Products	13,818	33,698,372	33,712,190	0.7%
10	Apparel	6,516,470	43,617,056	50,133,526	1.0%
11	Paper Products	161,177	58,829,443	58,990,620	1.1%
12	Printing & Publishing	19,461,735	66,427,231	85,888,966	1.7%
13	Chem-Petroleum Refining	10,135,634	47,878,463	58,014,097	1.1%
14	Rubber/Leather Products	313,140	26,447,344	26,760,484	0.5%
15	Lumber/Furniture	362,000	30,249,754	30,611,754	0.6%
16	Stone/Clay/Glass	187,077	23,863,520	24,050,597	0.5%
17	Primary Metals	27,631	13,612,201	13,639,832	0.3%
18	Fabricated Metals	373,007	29,907,511	30,280,518	0.6%
19	Non-Electrical Machinery	506,552	17,075,848	17,582,400	0.3%
20	Electric and Electronic	23,588,822	22,802,947	46,391,769	0.9%
21	Motor Vehicles & Equipment	276,302	31,230,975	31,507,277	0.6%
22	Other Transportation	1,745,299	6,386,072	8,131,371	0.2%
23	Instruments	188,805	4,386,849	4,575,654	0.1%
24	Other Manufacturing	96,705	7,562,440	7,659,145	0.1%
25	Transportation	98,083,055	136,436,289	234,519,344	4.6%
26	Communication	36,085,541	103,566,045	139,651,586	2.7%
27	Utilities	6,778,283	142,738,968	149,517,251	2.9%
28	Wholesale Trade	17,624,101	165,402,888	183,026,989	3.6%
29	Retail Trade	113,507,662	207,987,725	321,495,387	6.3%
30	Finance	9,763,735	99,556,547	109,320,282	2.1%
31	Insurance	25,964,872	80,203,290	106,168,162	2.1%
32	Real Estate	1,846,610	381,635,736	383,482,346	7.5%
33	Lodging & Amusements	621,562,469	56,159,095	677,721,564	13.2%
34	Personal Services	1,437,218	39,659,506	41,096,724	0.8%
35	Business Services	368,222,035	241,991,228	610,213,263	11.9%
36	Eating and Drinking	290,434,134	122,278,452	412,712,586	8.0%
37	Health Services	59,867	146,817,526	146,877,393	2.9%
38	Other Services	106,908,577	96,444,126	203,352,703	4.0%
39	Households	328,247,631	0	328,247,631	6.4%
Total		2,307,897,768	2,833,631,192	5,141,528,960	100.0%

^a Impact of spending by all industrial sectors (1-39) on specific row industry.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 3
Earnings and Employment Impact of
1996 Olympics on Georgia's Economy

<u>Expenditure Category</u>	<u>Earnings (\$1994)</u>	<u>Employment (Jobs)</u>
DIRECT SPENDING BY ACOG	1,084,332,484	35,332
OTHER SPENDING	18,148,000	655
SPENDING BY OUT-OF-STATE VISITORS	813,994,796	41,039
Pre- and Post-Olympic Games	229,603,773	11,585
Broadcast	36,842,693	1,901
Cultural Olympiad	6,592,938	328
Marketing	18,444,751	926
Olympic Family	7,744,870	371
Press	18,329,824	959
Purchasing	1,061,444	46
Security	9,625,833	485
Sports Program	61,140,071	3,037
Savannah	11,928,494	570
Training	57,892,856	2,962
Olympic Games	584,391,023	29,454
Sponsors	74,475,224	3,677
Broadcast	37,923,055	1,876
International	104,063,592	5,262
General Public	283,087,012	14,506
Olympic Family	73,789,527	3,663
Athletes/Officials	6,727,841	251
Yachting Spectators	4,324,772	219
GRAND TOTAL	1,916,475,280	77,026

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 4

**Total Earnings Impact by Impacted Industry
of the 1996 Olympic Games on Georgia's Economy**

<u>Numerical Designation of Industrial Aggregation</u>	<u>Industry Name</u>	<u>Total Earnings Impact^a</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	11,544,187	0.6%
2	For & Fishery Products	110,471	0.0%
3	Coal Mining	25,985	0.0%
4	Petroleum & Gas Mining	0	0.0%
5	Other Mining	818,314	0.0%
6	New Construction	66,909,941	3.5%
7	M & R Construction	31,367,441	1.6%
8	Food Products	25,688,920	1.3%
9	Textile Products	5,626,902	0.3%
10	Apparel	13,038,003	0.7%
11	Paper Products	10,501,434	0.5%
12	Printing & Publishing	26,479,215	1.4%
13	Chem-Petroleum Refining	8,898,107	0.5%
14	Rubber/Leather Products	6,610,322	0.3%
15	Lumber/Furniture	6,967,652	0.4%
16	Stone/Clay/Glass	6,245,493	0.3%
17	Primary Metals	2,735,808	0.1%
18	Fabricated Metals	7,077,219	0.4%
19	Non-Electrical Machinery	5,263,309	0.3%
20	Electric and Electronic	13,465,375	0.7%
21	Motor Vehicles & Equipment	4,446,377	0.2%
22	Other Transportation	2,235,944	0.1%
23	Instruments	1,497,860	0.1%
24	Other Manufacturing	1,968,622	0.1%
25	Transportation	88,662,528	4.6%
26	Communication	41,237,068	2.2%
27	Utilities	12,614,731	0.7%
28	Wholesale Trade	75,222,591	3.9%
29	Retail Trade	156,379,166	8.2%
30	Finance	44,369,322	2.3%
31	Insurance	45,127,184	2.4%
32	Real Estate	8,923,242	0.5%
33	Lodging & Amusements	218,694,202	11.4%
34	Personal Services	19,188,573	1.0%
35	Business Services	321,559,851	16.8%
36	Eating and Drinking	129,025,797	6.7%
37	Health Services	88,574,627	4.6%
38	Other Services	73,392,718	3.8%
39	Households	333,980,781 ^b	17.4%
Total		1,916,475,280	100.0%

^a Impact of spending by all industrial sectors (1-39) on specific row industry.

^b The direct impact of payroll paid to employees of ACOG is included in the entry for the household sector.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 5

**Total Employment Impact by Impacted Industry of
the 1996 Olympic Games on Georgia's Economy**

<u>Numerical Designation of Industrial Aggregation</u>	<u>Industry Name</u>	<u>Total Employment Impact^{a, b} (Number of Jobs)</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	598	0.8%
2	For & Fishery Products	6	0.0%
3	Coal Mining	2	0.0%
4	Petroleum & Gas Mining	0	0.0%
5	Other Mining	23	0.0%
6	New Construction	2,807	3.6%
7	M & R Construction	1,228	1.6%
8	Food Products	883	1.1%
9	Textile Products	238	0.3%
10	Apparel	824	1.1%
11	Paper Products	279	0.4%
12	Printing & Publishing	953	1.2%
13	Chem-Petroleum Refining	252	0.3%
14	Rubber/Leather Products	271	0.4%
15	Lumber/Furniture	317	0.4%
16	Stone/Clay/Glass	220	0.3%
17	Primary Metals	76	0.1%
18	Fabricated Metals	261	0.3%
19	Non-Electrical Machinery	183	0.2%
20	Electric and Electronic	424	0.6%
21	Motor Vehicles & Equipment	114	0.1%
22	Other Transportation	61	0.1%
23	Instruments	54	0.1%
24	Other Manufacturing	85	0.1%
25	Transportation	2,640	3.4%
26	Communication	1,012	1.3%
27	Utilities	272	0.4%
28	Wholesale Trade	1,988	2.6%
29	Retail Trade	8,871	11.5%
30	Finance	1,411	1.8%
31	Insurance	1,330	1.7%
32	Real Estate	324	0.4%
33	Lodging & Amusements ^c	18,067	23.5%
34	Personal Services	1,431	1.9%
35	Business Services	10,483	13.6%
36	Eating and Drinking	11,689	15.2%
37	Health Services	2,687	3.5%
38	Other Services	3,900	5.1%
39	Households	763	1.0%
Total		77,026	100.0%

^a Impact of spending by all industrial sectors (1-39) on specific row industry.

^b Includes full and part-time jobs (temporary and permanent).

^c Employees directly employed by ACOG are included in sector 33; but loaned employees and volunteers are not included in the employment total.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 6

**Comparing Output Impacts:
The 1992 Economic Impact Study
and the Updated Economic Impact Study
(expressed in thousands of dollars)**

Expenditure Category	The 1992 Study (\$1992)	The 1992 Study (\$1994)	Updated Study (\$1994)	Difference (\$1994)	Percent Difference
Direct or Indirect Expenditures:					
ACOG (AOC)	1,039,771	1,096,795	1,141,903	45,108	4.1%
Other	--	--	20,000	20,000	--
Out-of-State Visitors	1,224,381	1,291,530	1,145,995	-145,535	-11.3%
Pre- and Post-Games	437,630	461,631	332,619	-139,012	-30.1%
Olympic Games	786,751	829,899	823,376	-6,523	-0.8%
Grand Total	2,264,152	2,388,326	2,307,898	-80,428	-3.4%
Output Impact:					
ACOG (AOC)	2,386,758	2,517,656	2,586,226	68,570	2.7%
Other	--	--	43,944	43,944	--
Out-of-State Visitors	2,675,198	2,821,915	2,511,359	-310,556	-11.0%
Pre- and Post-Games	955,293	1,007,684	706,882	-300,802	-29.9%
Olympic Games	1,719,905	1,814,230	1,804,477	-9,753	-0.5%
Grand Total	5,061,956	5,339,570	5,141,529	-198,041	-3.7%

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 7

Comparing Earnings Impacts: The 1992 Economic Impact Study and the Updated Economic Impact Study (expressed in thousands of dollars)

Earnings Impact (expressed in thousands of dollars)

<u>Expenditure Category</u>	<u>The 1992 Study (\$1992)</u>	<u>The 1992 Study (\$1994)</u>	<u>Updated Study (\$1994)</u>	<u>Difference (\$1994)</u>	<u>Percent Difference</u>
ACOG (AOC)	927,338	978,196	1,084,332	106,136	10.9%
Other	--	--	18,148	18,148	--
Out-of-State Visitors	897,488	946,709	813,995	-132,714	-14.0%
Pre- and Post-Games	324,395	342,186	229,604	-112,582	-32.9%
Olympic Games	573,093	604,523	584,391	-20,132	-3.3%
Grand Total	1,824,826	1,924,905	1,916,475	-8,430	-0.4%

Employment Impact (expressed in full- and part-time jobs)

<u>Expenditure Category</u>	<u>The 1992 Study (Jobs)</u>	<u>Updated Study (Jobs)</u>	<u>Difference (Jobs)</u>	<u>Percent Difference</u>
ACOG (AOC)	34,679	35,332	653	1.9%
Other	--	655	655	--
Out-of-State Visitors	45,763	41,039	-4,724	-10.3%
Pre- and Post-Games	16,073	11,585	-4,488	-27.9%
Olympic Games	29,690	29,454	-236	-0.8%
Grand Total	80,442	77,026	-3,416	-4.2%

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 8

The Impact of the 1996 Olympics on Net Revenues Collected by the Georgia Department of Revenue

<u>Revenue Source</u>	<u>Revenue (\$1992)</u>
Personal Income Taxes	65,401,988
General Sales and Use Taxes	90,962,815
Selective Sales Taxes	10,721,558
Corporation Income Taxes	<u>9,296,155</u>
Total ^a	176,382,516

^a Total does not include net revenues derived from amounts collected by state agencies other than the Georgia Department of Revenue.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Summary Table 9

**Legacy of Olympic Venues
(amounts in dollars)**

<u>Facility</u>	<u>Total Investment</u>	<u>ACOG Share</u>
Olympic Stadium	\$189 Million	\$189 Million
Georgia International Horse Park	\$90 Million	\$28 Million
Wolf Creek Shooting Complex	\$17 Million	\$17 Million
Stone Mountain Tennis Center	\$18 Million	\$18 Million
Lake Lanier Rowing Center	\$10 Million	\$10 Million
Georgia Institute of Technology		
Dormitories	\$194 Million	\$47 Million
Natatorium	\$24 Million	\$21 Million
Alexander Memorial Coliseum	\$1.5 Million	\$1.5 Million
Atlanta University Center	\$51 Million	\$51 Million
Stadiums - Morris Brown College/Clarke Atl. Un.	\$37 Million	\$37 Million
Basketball Arena - Morehouse College	\$11 Million	\$11 Million
Tennis Facility - Spelman College	\$1 Million	\$1 Million
Drug Testing Center - Morehouse School of Medicine	\$1 Million	\$1 Million
Interdenominational Theological Center	\$.8 Million	\$.8 Million
Georgia State University		
Gymnasium Renovation	\$2 Million	\$2 Million
Clayton County International Park	\$3 Million	\$0
TOTAL	\$599.3 Million	\$384.3 Million

* Values shown only include portion of project budget dedicated to construction/renovation of permanent facilities.

Source: Atlanta Committee for the Olympic Games, IRE Advisors and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June, 1995).

CHAPTER ONE: INTRODUCTION

Atlanta's winning bid for the 1996 Summer Olympic Games will bring tremendous economic benefits to the state of Georgia. These benefits will be realized not just in 1996 when the Summer Games are held, but also during the years before and after the events (1991-1997). The economic impacts will result from new dollars brought into the region by the Atlanta Committee for the Olympic Games (ACOG), related sporting and cultural events, the media, marketing activities, athletes, officials, and other visitors to the region. The initial injections of new dollars will occur primarily in and around Atlanta, Athens, Savannah, and to a lesser extent, in the Columbus and Gainesville areas. Furthermore, the respending of these dollars will have effects that will be felt in even the smallest hamlet in Georgia. Moreover, the Olympic Games provide leverage for economic development and add to the state's physical infrastructure. The legacy of the Summer Olympic Games will endure and will enrich the state for many years.

In the fall of 1989, the Atlanta Organizing Committee's Games Financing Committee asked the University of Georgia to assist with the bid for the 1996 Olympic Games by assessing the statewide economic impact of hosting the Summer Olympic Games in Atlanta. The preliminary economic impact study was completed on February 9, 1990. The benefits accruing to the state from the Olympics and related events were assessed in terms of output, earnings, and employment. Moreover, the study provided the Atlanta Organizing Committee with a fiscal policy tool to monitor and manage the timing of revenues and expenditures. The study also laid the foundations for

a more comprehensive assessment of the economic impact of the 1996 Olympics once Atlanta had been selected as the host city and more detailed financial forecasts and event schedules were available.

The completion of ACOG's 1991 Financial Forecast Update allowed the second phase of the economic impact analysis to proceed. In 1992, the Polk-McRae Consulting Group, an economic/management consulting firm, and the Selig Center for Economic Growth, Terry College of Business, the University of Georgia, updated, refined, and broadened the scope of the preliminary economic impact study. The results of the Phase II study were published by ACOG: The Economic Impact on the State of Georgia of Hosting the 1996 Summer Olympic Games (August, 1992). The report was co-authored by Dr. Jeffrey M. Humphreys and Michael K. Plummer. The estimates were expressed in 1992 dollars. The Phase II study estimated the total economic impact of hosting the 1996 Centennial Olympic Games on Georgia's economy at \$5.1 billion over 1991-1997. Hosting the Summer Olympic Games was projected to add \$1.8 billion in earnings to the state's economy and about eighty thousand full- and part-time jobs. The report indicated that the Games would boost revenue collections by the Georgia Department of Revenue by \$199 million. The Phase II study, however, did not explore the long-term impacts that the Games will have on Georgia's economy.

The completion of ACOG's 1994/1995 Financial Forecast Update allowed the third phase of the economic impact analysis to proceed. In the Summer of 1994, ACOG asked IRE Advisors, an economic and financial management consulting firm, and the Selig Center for Economic Growth,

Terry College of Business, the University of Georgia, to update, refine, and expand the scope of the 1992 study. The primary developments of the Phase III study over the Phase II study are: (1) the incorporation of newly available financial information; (2) an improved model for estimating visitation during, before, and after the Games; (3) more accurate estimates of industry-specific output, earnings, and employment impacts; (4) somewhat more refined estimates of the impact of hosting the Games on government revenue collections; and (5) the first complete assessment of the long-term impacts that the Games will have on Georgia's economy. These long-term impacts often are referred to as Olympic legacies.

The primary objective of this Phase III study is to identify and estimate quantitatively the economic impacts to the state of Georgia that will flow from hosting the 1996 Summer Olympic Games. Of course, the impact estimates are neither goals for nor limits on growth, but simply are the most likely of many possible outcomes. This study also is designed to provide basic information to the community at large; to support marketing endeavors, including sponsorship and suppliership distribution; to capture, in a concise yet comprehensive manner, all activities associated with the Atlanta Olympic Games; and to aid in building and sustaining public support for the Summer Olympic Games.

The economic impact study is presented in a multidimensional format. The first dimension represents the types of direct (e.g., spending by ACOG that goes to businesses and households in Georgia) and indirect (e.g., spending by out-of-state visitors that goes to businesses and households in Georgia) expenditures creating the impacts on the state. The direct and indirect

expenditures represent the initial round of dollars spent in Georgia from sources outside the state. Typically, a net economic impact is created only by dollars flowing into Georgia, not by dollars originating within Georgia; the direct and indirect economic impacts thus constitute net benefits to the state. The second dimension represents the induced impacts created by respending of the direct and indirect expenditures. These successive rounds of respending are commonly referred to as the multiplier effect. The third dimension reflects the various levels of industrial detail at which direct, indirect, and induced impacts are tabulated. The fourth dimension represents the impact of hosting the Games on revenues collected by the Georgia Department of Revenue. Finally, the fifth dimension represents the legacy, or long-term, impacts that hosting the Summer Olympics is likely to have on the Georgia.

The study is organized in the following manner: Chapter 2 presents a detailed discussion of the economic impact concept and related terms. Chapter 3 provides estimates of direct expenditures, followed by estimates of indirect expenditures in Chapter 4. Chapter 5 brings together estimates of the direct and indirect impacts and then calculates the induced and total economic impacts of hosting the 1996 Summer Games. Chapter 6 provides earnings and employment impacts. Chapter 7 estimates the impact of hosting the Games on net revenues collected by the Georgia Department of Revenue. Chapter 8 addresses the long-term impacts that the Games will have on Georgia's economy, which are often referred to as Olympic legacies. Finally, Chapter 9 summarizes the findings of the study.

CHAPTER TWO: UNDERSTANDING THE ECONOMIC IMPACT CONCEPT

Put simply, economic impacts are made up of the changes in regional output, earnings, and employment that are due to new dollars flowing into the region from a given event of economic development. In the current context, the event is the 1996 Summer Olympic Games, and the region is defined as the entire state. Again, economic impacts typically are created only by new dollars flowing into the region from outside the region. The effects of expenditures originating from within the region therefore are not included in the impact estimates.

Economists speak of economic impacts in terms of the changes in output, earnings, or employment that occur in the region's industries (including households) when they produce goods and services to satisfy demand by consumers, businesses, investors, or governments that are from outside the region. Throughout this study, only those expenditures that represent the statewide repercussions of spending originating from outside the state are counted as economic impacts. Moreover, expenditures that immediately flow to recipients located outside Georgia are not counted as economic impacts. For goods made outside the state, local value is created by wholesale and retail firms within the state, but not by the manufacturing firms that originally produced the goods elsewhere. When such goods are purchased locally, the economic benefit to the state's economy therefore consists only of the wholesale and retail margins. The share of expenditures that immediately flowed to recipients located outside the state is not counted

as an economic impact to the local economy. For example, since Georgia's petroleum production and refining industry is very small, the portion of expenditures for gasoline that represents a payment to producers and refiners typically is not a local economic impact; only the portion of fuel purchases constituting payments to local retail, wholesale, and distribution companies should be counted as economic impact to Georgia's economy.

THE TYPES OF ECONOMIC IMPACT

Conceptually and analytically, economic impacts fall into four broad categories: direct, indirect, induced, and total impacts. Direct economic impacts are the share of ACOG's spending that purchases goods and services produced by Georgia's industries to satisfy the additional demand. Similarly, indirect economic impacts are the share of visitors' spending that initially purchases goods and services provided by Georgia's industries to satisfy the additional demand. The induced economic impacts are the multiplier effects of the direct and indirect impacts, created by respending the amounts involved in the direct and indirect impacts. The total economic impact is the sum of the direct, indirect, and induced impacts. The total economic impact of the 1996 Summer Olympic Games therefore is the sum of the direct and indirect impacts and their respective induced impacts. Exhibit 2-1 illustrates the linkages between direct, indirect, induced, and total economic impacts.

THE MULTIPLIER CONCEPT

Output, earnings, and employment multipliers are required to measure fully the total change in output, earnings, or employment resulting in the region. Multipliers capture the impact of the initial round of spending plus the impacts generated by successive rounds of respending of those initial dollars within the region. The magnitude of a particular multiplier depends upon what proportion of the dollars spent leaks out of the region during each round of spending.

Exhibit 2-2 illustrates the successive rounds of spending that might have taken place if a visitor to the region had purchased an item locally. Assume that the initial expenditure is \$100 and that the appropriate regional output multiplier is 2.0. The initial injection of spending to the region is \$100, which creates a direct economic impact of \$100 to the regional economy. Of that \$100, only \$50 is respent locally; the other \$50 flows or leaks out of the region due to nonlocal taxes, nonlocal purchases, and income transfers. After the first round of respending, the total economic impact to the region therefore is \$150. During the second round of respending, \$25 is respent locally and \$25 leaks out of the region, a fifty percent leakage. After the second round of respending the total economic impact to the region is now \$175. This process continues until the entire initial \$100 has leaked out of the region. After seven rounds of respending, less than one dollar remains in the local economy, but the total economic impact has reached almost \$200. The induced impact to the region (\$100) equals the total impact (\$200) minus the direct impact (\$100).

The multiplier traces the flows of responding that take place throughout the region until the initial dollars have completely leaked from it to other regions. Obviously, multiplier effects within large, self-sufficient areas are likely to be greater than those in small or specialized areas that are less able to capture spending for the wide variety of goods and services that households and businesses require. Multiplier effects also vary greatly from industry to industry. In general, the greater the interaction with the local economy, the greater the multiplier for that industry. For example, the construction, textile, apparel, and wood products industries typically interact greatly with local supporting industries, and therefore have relatively high multiplier values. Conversely, the real estate, electric, gas, and sanitary services, communications, and mining industries typically interact to a relatively lesser extent with local supporting industries; their multiplier values are lower.

The multiplier values used in this study were obtained from customized versions of the U.S. Department of Commerce's Regional Input-Output Modeling System (RIMS-II). The U.S. Department of Commerce, Bureau of Economic Analysis (BEA) provided the research team with matrices of multiplier values specific to the state of Georgia. Output multiplier values for the various industrial sectors varied widely, ranging from a high of 2.7284 to a low of 1.0000. Earnings and employment multipliers also varied widely by industrial sector.

THE RIMS II MODEL

RIMS II is designed to estimate multipliers to assess the induced economic impacts created by expenditure flows. RIMS II multipliers measure the statewide impacts of expenditure flows on output (gross receipts or sales), earnings (the sum of wages and salaries, proprietors' income, and other labor income), and employment (full- and part-time jobs).

RIMS II multipliers can be estimated for any state, metropolitan statistical area, county, or combination of contiguous counties. A full technical discussion of the RIMS II model is beyond the scope of this study but can be found in the BEA publication: Regional Input-Output Modeling System (RIMS II): Estimation, Evaluation, and Application of a Disaggregated Regional Impact Model. It should be noted, however, that the terminology used in this report differs from that employed by the BEA.

RIMS II models have many advantages over alternative methods of estimating multiplier values: (1) RIMS II is very cost effective, in that investigators can obtain multiplier estimates without building a complete survey-based model of the region's economy. (2) The BEA has access to proprietary data that is not available to "outside" researchers because of confidentiality requirements. Access to the full data should enhance the accuracy of the RIMS II multipliers. (3) The RIMS II multipliers are updated regularly to reflect the most recent local earnings and personal income data. (4) The disaggregated sectoral detail provided by RIMS II allows the researcher to assess impacts at various levels of industrial aggregation. (5) The RIMS II model has an excellent reputation for accuracy; studies using more costly

survey-based models generally yield multipliers of similar magnitudes.

(6) The RIMS II multipliers are widely accepted and are extensively used in economic forecasting. (7) The RIMS II multipliers have public credibility because of their conservative values.

As do all regional models, RIMS II must make assumptions about economic activity, and therefore has some limitations: (1) The production function underlying the RIMS II model assumes constant returns to scale and no substitution among inputs in producing each industry's output. Research has shown that this assumption is reasonable for most, but not all, cases.

(2) RIMS II multipliers are best suited for analyzing the impacts of changes in value-added expenditures that are small relative to the regional economy.

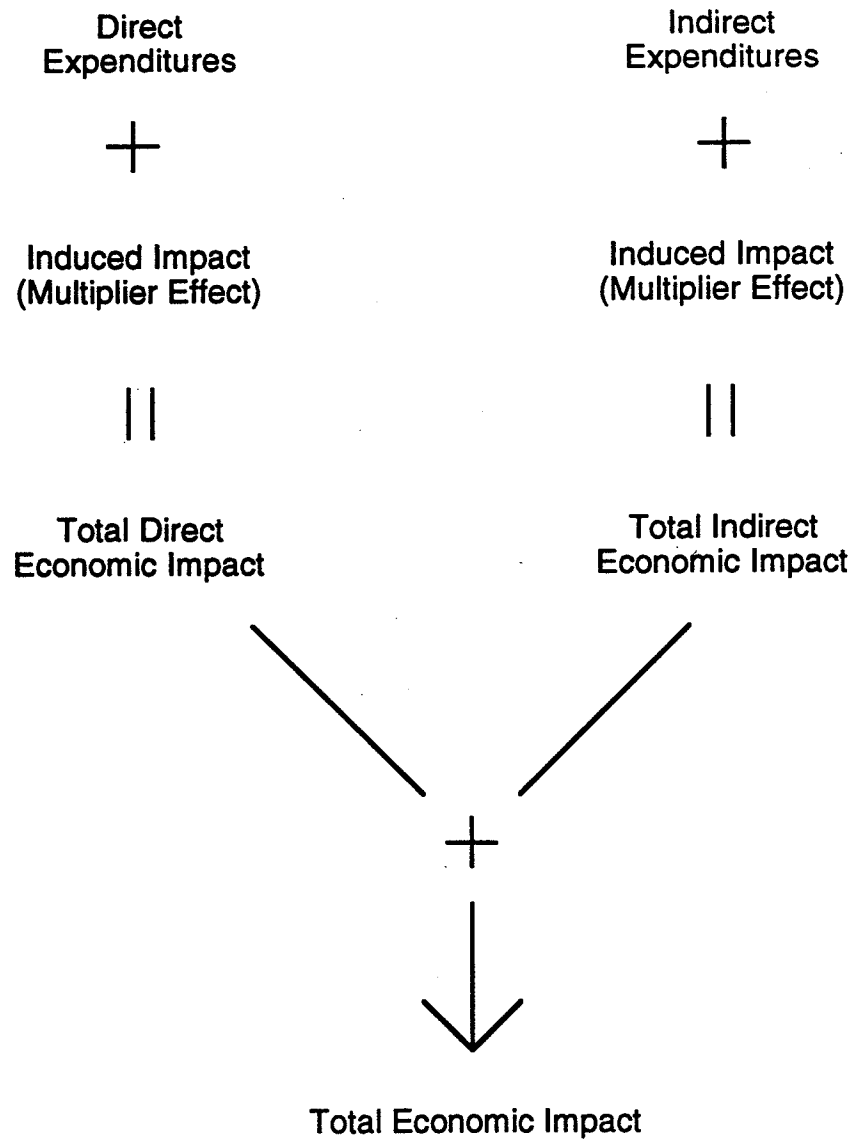
The RIMS II models employed by this study were defined for the state as a whole rather than for a specific metropolitan statistical area or county, which should enhance the reliability of the multiplier estimates. (3) RIMS II is a single-region model and cannot analyze feedback effects from nearby regions.

Once again, using state-wide multipliers helps to minimize biases due to feedback effects from adjacent regions. (4) The RIMS II multipliers are a snapshot of the economic linkages of the area at a specific time, and implicitly assume that the infrastructure of the area does not change. Accordingly, the RIMS II model does not show the induced economic impacts of expenditures on the state's infrastructure. This means that the RIMS II multipliers do not account for induced investment spending. The RIMS II multipliers can, however, account for the economic impact of direct and indirect changes in investment spending. For example, the RIMS II multipliers estimate the economic impacts of spending by ACOG on new construction, but do not

estimate the induced impacts of expenditures by other sectors on the new construction sector. Of course, not capturing induced investment spending produces more conservative impact estimates. Chapter 8, however, will document some of the long-term effects that hosting the Olympic Games will have on Georgia's economy.

Exhibit 2-1

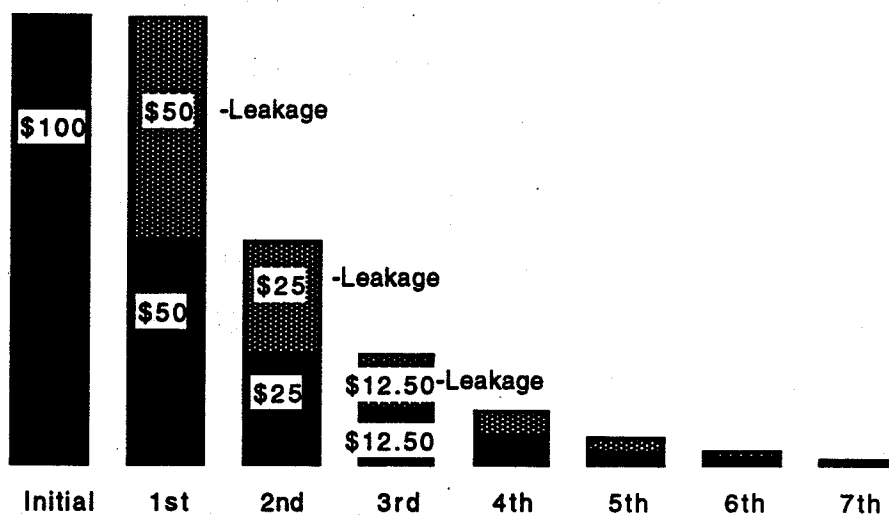
**Schematic Representation
of Impact Relationships**



Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Exhibit 2-2

HOW MULTIPLIERS CAPTURE THE IMPACT OF RESPENDING INITIAL IMPACTS IF THE OUTPUT MULTIPLIER EQUALS 2.0



Initial Direct or Indirect Impact:	\$100	
First Round of Responding:	\$50 respent locally,	\$50 leakage*
Second Round of Responding:	\$25 respent locally,	\$25 leakage
Third Round of Responding:	\$12.50 respent locally;	\$12.50 leakage
Fourth Round of Responding:	\$6.25 respent locally;	\$6.25 leakage
Fifth Round of Responding:	\$3.12 respent locally;	\$3.12 leakage
Sixth Round of Responding:	\$1.56 respent locally;	\$1.56 leakage
Seventh Round of Responding:	\$.78 respent locally;	\$.78 leakage

Total Economic Impact: \$200 Total Leakage: \$100

*Leakage indicates amounts spent outside area and not recirculated locally.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

CHAPTER THREE:
THE DIRECT ECONOMIC IMPACT
OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

Spending by ACOG represents the direct economic impact of hosting the Summer Olympic Games. Estimating the direct economic impact of the Summer Olympic Games involves four distinct steps. First, detailed forecasts of ACOG's budgeted expenditures were obtained for the period 1991-1997. Second, such expenditures were allocated to RIMS II industrial categories. Third, budgeted expenditures were reduced to eliminate spending that immediately flows to recipients located outside Georgia. Finally, off-budget expenditures by ACOG are added to budgeted expenditures to obtain a more complete estimate of direct economic impact. Off-budget expenditures are considered revenue neutral, and therefore, have not been included in ACOG's budget. An example is the expense borne by ACOG to lease or procure equipment for use by the international broadcasters. This expense should be included in economic impact, but has been excluded from ACOG's budget. It is assumed that ACOG will collect payments from the broadcasters in an amount equivalent to ACOG's cost of obtaining the equipment.

ACOG

Following the award of the Games to Atlanta, the Atlanta Committee for the Olympic Games (ACOG) was established as the corporate vehicle through which Atlanta would organize, promote, market, manage, and

operate the Games (receiving all revenues and paying the associated costs). Stated generally, ACOG has a stewardship to the International Olympic Committee and to the world for the 1996 Olympic Games from 1992 until the completion of the Games in 1996. Specifically, under the terms of the Host City Contract, ACOG must provide all athletic, media, and housing facilities for the 1996 Games and must also: (1) Provide state-of-the-art facilities for the IOC President, each International Sports Federation, and each National Olympic Committee. (2) Operate Olympic Villages for an estimated 16,500 athletes and officials. (3) Provide transportation for all athletes, coaches, officials, judges, referees, and media. (4) Develop and produce a four-year Cultural Program, beginning in 1993. (5) Operate as Host Broadcaster, producing and televising all events.

THE 1994 EXPENDITURE FORECAST

ACOG's 1994/1995 Financial Forecast Update provided projections of both revenue and expenditure by ACOG, for the period 1991-1997. Table 3-1 summarizes anticipated spending flows. In current dollars, expenditures by ACOG are projected at \$1,580,671,000. The aggregate expenditure flow reflects planning and research conducted as of 1994/1995. As planning improves and becomes more detailed, the spending estimates probably will require adjustment. Forecasting is an interactive and dynamic process within ACOG, and additional formal updates to the Financial Forecast are anticipated.

ALLOCATION OF DIRECT EXPENDITURES TO RIMS II CATEGORIES

The 1994/1995 Financial Forecast Update provided sufficient information to distribute most line item expenditures to the 39 industrial aggregations for which the RIMS II model can estimate economic impacts. In accordance with the procedural guidelines established by the U.S. Department of Commerce, Bureau of Economic Analysis, wage and salary disbursements (personnel costs) by ACOG were allocated to RIMS II sector #39 (households). Distribution of line item expenditures lacking detailed descriptions was based upon the proportion of total spending already assigned to RIMS II sectors. Contingency funds were distributed both to construction and to business services. Table 3-2 reports budgeted spending, totaling \$1,580,670,000 in current dollars, by RIMS II categories. When expressed in 1994 dollars, budgeted expenditures total \$1,529,758,000. (Unless otherwise indicated, all dollar amounts henceforth will be expressed in constant 1994 dollars.)

ADJUSTING FOR EXPENDITURES THAT ORIGINATE IN GEORGIA OR THAT IMMEDIATELY FLOW FROM GEORGIA

In the context of an impact study, the only portion of spending that usually has net local economic repercussions is the part (margin) originating from outside the area that is captured by local businesses or households. For example, spending by local residents that attend the Games is not considered a "net" gain for the local economy. Similarly, spending by ACOG that immediately goes to recipients outside Georgia does not add to local economic

activity. Approximately 91.5 percent of ACOG's revenues are derived from out-of-state sources. Thus, multiplying ACOG's expenditures by 0.915 yields the potential number of new dollars coming into the state. Expenditures were further adjusted to exclude expenditures that immediately flow to businesses or households outside Georgia. Based on both judgement and the input-output composition of commodity consumption of final demand in producers' and purchasers' prices, margins for each expenditure category were estimated. Again, the margin for each industrial category represents the portion of spending that goes to in-state businesses or households.

Expenditures immediately flowing to out-of-state firms or households do not provide benefits to Georgia's economy. Such margins vary widely, from zero percent for some natural resources and some manufactured goods, to 50 percent for retail purchases, and up to 100 percent for many services.

Expenditures by ACOG were multiplied by both 0.915 and their respective margins. The resulting amounts (Table 3-3) are the direct economic impacts of budgeted spending by ACOG on each of the state's industrial sectors. If this study's projections hold, the direct impact of budgeted spending by ACOG on output totals \$1,141,904,000, or almost 75 percent of ACOG's unadjusted spending. This value (\$1,141,904,000) measures the direct economic impact of budgeted expenditures.

In addition to budgeted spending by ACOG, the direct economic impact includes \$20,000,000 in off-budget spending. Such spending is revenue neutral and is reported as "other spending". Such expenditures were allocated to the business services industry.

If this study's projections hold, the direct output impact of budgeted and off-budget spending by ACOG totals \$1,161,904,000. This value measures only direct spending; Chapter 4 estimates the indirect economic impact of the 1996 Summer Olympics on the Georgia economy.

Table 3-1

**Atlanta Committee for the Olympic Games
1994 Financial Forecast Summary, 1991-1997
(current dollars)**

	<u>Forecast Total</u>
Revenues	
Broadcast Rights	555,500,000
Joint Venture	513,390,000
TOP III	114,380,000
Ticket Sales	261,230,000
Merchandising	28,700,000
Other	<u>107,471,000</u>
Total	1,580,671,000
 Expenditures	
Executive/Administration	182,919,000
Construction	516,628,000
Functional Operations	<u>821,125,000</u>
Total	1,520,672,000
 Operating Contingency	60,000,000

Source: Atlanta Committee for the Olympic Games, 1994 Financial Forecast Update.

Table 3-2

**Georgia: Projected Expenditures
by ACOG by Industry, 1991-1997**

<u>Industry Number</u>	<u>Industry Name</u>	<u>Total in Current Dollars (1991-97)</u>	<u>Total in 1994 Dollars (1991-1997)</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	455,000	432,000	0.0%
2	For & Fishery Products	0	0	0.0%
3	Coal Mining	0	0	0.0%
4	Petroleum & Gas Mining	0	0	0.0%
5	Other Mining	0	0	0.0%
6	New Construction	266,641,000	259,603,000	17.0%
7	M & R Construction	3,598,000	3,435,000	0.2%
8	Food Products	0	0	0.0%
9	Textile Products	0	0	0.0%
10	Apparel	14,910,000	14,181,000	0.9%
11	Paper Products	0	0	0.0%
12	Printing & Publishing	22,460,000	21,942,000	1.4%
13	Chem-Petroleum Refining	0	0	0.0%
14	Rubber/Leather Products	0	0	0.0%
15	Lumber/Furniture	836,000	795,000	0.1%
16	Stone/Clay/Glass	272,000	258,000	0.0%
17	Primary Metals	0	0	0.0%
18	Fabricated Metals	0	0	0.0%
19	Non-Electrical Machinery	0	0	0.0%
20	Electric and Electronic	132,366,000	127,483,000	8.3%
21	Motor Vehicles & Equipment	0	0	0.0%
22	Other Transportation	0	0	0.0%
23	Instruments	0	0	0.0%
24	Other Manufacturing	0	0	0.0%
25	Transportation	42,136,000	40,463,000	2.6%
26	Communication	43,988,000	42,559,000	2.8%
27	Utilities	7,089,000	6,761,000	0.4%
28	Wholesale Trade	121,758,000	117,680,000	7.7%
29	Retail Trade	467,000	447,000	0.0%
30	Finance	11,505,000	11,320,000	0.7%
31	Insurance	32,208,000	31,174,000	2.0%
32	Real Estate	0	0	0.0%
33	Lodging & Amusements	94,997,000	91,887,000	6.0%
34	Personal Services	1,283,000	1,221,000	0.1%
35	Business Services	409,710,000	396,815,000	25.9%
36	Eating and Drinking	23,123,000	22,014,000	1.4%
37	Health Services	0	0	0.0%
38	Other Services	19,991,000	19,182,000	1.3%
39	Households ^a	330,876,000	320,107,000	20.9%
	Total	1,580,670,000	1,529,758,000	100.0%

^a In accordance with the procedural guidelines established by the U.S. Department of Commerce, Bureau of Economic Analysis, wage and salary disbursements (personnel costs) by ACOG are allocated to RIMS sector #39 (households).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 3-3

**Georgia: Projected Direct Expenditures
by ACOG by Industry, 1991-1997
(expressed in 1994 dollars)**

<u>Industry Number</u>	<u>Industry Name</u>	<u>Total Direct Expenditures (1991-97)</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	393,000	0.0%
2	For & Fishery Products	0	0.0%
3	Coal Mining	0	0.0%
4	Petroleum & Gas Mining	0	0.0%
5	Other Mining	0	0.0%
6	New Construction	212,615,000	18.6%
7	M & R Construction	3,125,000	0.3%
8	Food Products	0	0.0%
9	Textile Products	0	0.0%
10	Apparel	6,452,000	0.6%
11	Paper Products	0	0.0%
12	Printing & Publishing	18,969,000	1.7%
13	Chem-Petroleum Refining	0	0.0%
14	Rubber/Leather Products	0	0.0%
15	Lumber/Furniture	362,000	0.0%
16	Stone/Clay/Glass	118,000	0.0%
17	Primary Metals	0	0.0%
18	Fabricated Metals	0	0.0%
19	Non-Electrical Machinery	0	0.0%
20	Electric and Electronic	23,202,000	2.0%
21	Motor Vehicles & Equipment	0	0.0%
22	Other Transportation	0	0.0%
23	Instruments	0	0.0%
24	Other Manufacturing	0	0.0%
25	Transportation	33,140,000	2.9%
26	Communication	34,856,000	3.1%
27	Utilities	6,152,000	0.5%
28	Wholesale Trade	16,063,000	1.4%
29	Retail Trade	203,000	0.0%
30	Finance	9,271,000	0.8%
31	Insurance	25,532,000	2.2%
32	Real Estate	0	0.0%
33	Lodging & Amusements	79,437,000	7.0%
34	Personal Services	1,055,000	0.1%
35	Business Services	343,046,000	30.0%
36	Eating and Drinking	20,033,000	1.8%
37	Health Services	0	0.0%
38	Other Services	16,582,000	1.5%
39	Households ^a	291,297,000	25.5%
	Total	1,141,904,000	100.0%

^a In accordance with the procedural guidelines established by the U.S. Department of Commerce, Bureau of Economic Analysis, wage and salary disbursements (personnel costs) by ACOG are allocated to RIMS sector #39 (households).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

CHAPTER FOUR:
THE INDIRECT ECONOMIC IMPACT
OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

The indirect economic impact of the 1996 Summer Olympics is that portion of spending by out-of-state visitors that purchases goods and services produced by Georgia's industries. Visitation during the Olympic Games makes up the largest segment of such spending. Of course, hosting the 1996 Summer Olympic Games also will bring a significant number of visitors to the state before and after the Games.

OLYMPIC GAMES VISITATION

Indirect economic impacts due to out-of-state visitation during the Olympic Games were estimated for seven groups of visitors: (1) sponsors, (2) broadcasters, (3) international spectators, (4) the domestic general public, (5) members of the Olympic Family, (6) athletes and officials, and (7) spectators at the yachting events in Savannah. Visitor estimates for these groups were derived from ACOG's contracted relationships, data obtained from the Los Angeles Olympic Games, and ACOG's ticket sales projections.

Sponsors

It is expected that 67,894 out-of-state sponsors will visit Georgia for a total of 407,364 visitor days. Table 4-1 documents spending by the 67,894 visitors who fall into this category. Sponsors will spend more aggressively

than many other visitors; their average daily expenditures per individual will total \$251. Cumulative daily expenditures will total \$102.3 million, of which \$94.5 million represents indirect economic impact. Ninety percent of sponsors will arrive by air, generating an additional \$10.0 million in spending. Therefore, the total indirect economic impact for this category of visitors amounts to \$104.5 million.

Broadcast

Broadcasters' employees, clients, and guests are expected to number 20,543 and are expected to stay in Georgia for a total of 326,642 visitor days. Such figures do not include the host broadcaster, Atlanta Olympic Broadcast, which is considered a part of ACOG. Visitation is based on signed EBU and NBC contracts and projections of the other broadcast groups based on experience at previous Games.

Spending by broadcast visitors is reported in Table 4-2. Average daily expenditures per person will total \$170. Cumulative daily expenditures amount to \$55.5 million, of which \$51.1 million represents indirect economic impact. Ninety percent of broadcast visitors will arrive by air, generating an additional \$3.0 million in spending. Therefore, the total indirect economic impact for this visitor category is \$54.1 million.

International Visitors

Based on ticket sales projections 65,000 international visitors are expected for a total of 650,000 visitor days. It is anticipated that international visitors will tend to spend more aggressively than domestic attendees.

Table 4-3 reports spending by international visitors. Average daily expenditures per person will total \$228. Cumulative daily expenditures will equal \$148.1 million, of which \$136.8 million can be counted as indirect economic impact. All international visitors are assumed to arrive by air, generating an additional \$10.6 million in direct economic impact. Accordingly, the total indirect economic impact of spending by international visitors is projected at \$147.4 million.

General Public

The general public category includes domestic ticket-purchasing spectators as well as members of their parties who do not attend any events. General public visitation is derived from ACOG's ticket sales forecast. ACOG's 1994/1995 Financial Forecast projects total ticket sales of 5,682,710 for sessions conducted in Georgia. This total does not reflect complimentary tickets (primarily provided to members of the Olympic Family), unsold tickets, or tickets for events held outside Georgia. The first step in estimating out-of-state visitation and its associated spending was to subtract in-state ticket sales from total sales to the general public.

Estimating in-state ticket sales was complex. As illustrated in Exhibit 4-1, Georgia was first divided into three distinct market areas. Next, reasonable assumptions regarding market penetration and events per attendee were determined (Table 4-4). The primary, or core, market area is the eighteen-county Atlanta MSA. Due to its close proximity to event venues and heightened local interest in the Olympic Games, it was assumed that 13 percent of the resident population of the core area would attend an average of

two events. The secondary market is composed of fifty-seven counties within approximately two hours driving time of Atlanta; it includes Athens, Columbus, and Macon. Market penetration in this region was assumed to be 8 percent, with each spectator attending two events. This assumption is now substantiated by having venues in Athens and Columbus. The tertiary market includes Georgia's remaining eighty-four counties, where market penetration was assumed to be 6 percent, with each individual attending three events. The assumption of a slightly higher number of events per attendee for this area reflects the smaller proportion of visitors on day trips; those who buy tickets are likely to stay longer and to attend more events.

Using these assumptions, the impact study estimates that 672,742 Georgians will purchase 1,466,528 tickets. This means that about one Georgian in ten (9.6 percent) will attend at least one event and that collectively, state residents will purchase 25.8 percent of projected total ticket sales. The remaining 2,714,423 tickets will be sold to out-of-state visitors.

Economic Research Associates' preliminary report of the 1984 Los Angeles Olympic Games projected that each nonlocal visitor would attend five events, slightly fewer than in Montreal, due to the greater distance between venues in Los Angeles. The scheduled venue locations for the 1996 Summer Olympic Games in Atlanta are relatively closer together than those in Los Angeles. Because the 1996 Olympic Games will be geographically compact, it is assumed that each out-of-state visitor will attend six events during this five day stay.

The number of out-of-state visitors can be obtained by dividing the projected number of tickets sold outside Georgia (2,714,423) by 6.0 events per

visitor; it equals 452,404. It is assumed that 60 percent of out-of-state visitors will stay in hotels, motels, resorts, or rented private residences; 35 percent will stay with friends and relatives; and 5 percent will stay in campgrounds or motor homes (Table 4-5).

Many non-attending visitors will accompany the out-of-state spectators. The Economic Research Associates study in Los Angeles assumed a ratio of one nonattending visitor to each attending visitor. A ratio of 1:1 was estimated in Montreal. A substantially more conservative ratio of one non-attending visitor for every three attending visitors (1:3) was assumed for this study. Based on this ratio, nonattending out-of-state visitors will total 150,801. The combined attending and non-attending visitors total 603,205 (Table 4-5).

The average length of out-of-state visitors' stay is estimated at five days, which is consistent with the U.S. average of 4.2 nights per person per trip reported by the U.S. Travel Data Center. Multiplying five days by 603,205 (the number of out-of-state visitors) yields 3,016,026 visitor days.

Average daily expenditures per out-of-state visitor during the Olympic Games are reported in Table 4-6. Visitors staying in hotels, motels, resorts, or rented private residences will spend an average of \$168 per day. Daily expenditures for visitors staying with friends and relatives or in campgrounds and motor homes will average \$95 and \$94, respectively.

Total daily expenditures attributed to Games spectators and non-attending members of their parties were obtained by multiplying average daily expenditures by the appropriate number of visitor days. Total daily expenditures are reported in Table 4-6 and amount to \$418.9 million, of which

\$373.6 million represents indirect economic impact. Twenty-six percent of visitors staying in hotels, motels, resorts, or staying with friends and relatives will arrive by air, generating an additional \$24.4 million in spending. This assumption is based on data provided by the U.S. Travel Data Center to the Atlanta Convention and Visitors Bureau (Atlanta Travel Profile: 1989-90, page 14, Table II, Visitors to Atlanta by Type of Transportation). None of the visitors staying in campgrounds are assumed to arrive by air. Therefore, the total indirect economic impact for the general public amounts to \$398.0 million.

Olympic Family Members -- excluding Athletes/Officials

The Olympic Family includes 52,000 individuals, of which 16,500 are athletes and officials. It is assumed that members of the Olympic Family will stay for the entire period of the Games. Since athletes and officials will be housed in Olympic Villages, their expenditures are estimated separately. The remaining 35,500 members of the Olympic Family fall into four broadly defined groups: (1) Protocol visitors include the International Olympic Committee and its staff, IFs, technical officials, representatives of various National Olympic Committees, representatives of future games, and other VIPs; (2) Media; (3) Out-of-state security forces; and (4) Vendors and contractors. Olympic Family members will require accommodations for a total of 639,000 visitor days.

Although some members of the Olympic Family will tend to spend aggressively, many will not. Expenditure estimates are reported in Table 4-7. The average daily expenditures will total \$170. Cumulative daily

expenditures will equal \$108.5 million, of which \$99.9 million can be counted as indirect economic impact. Ninety-five percent of Olympic Family members will arrive by air, generating an additional \$5.5 million in indirect economic impact. The indirect economic impact of spending by members of the Olympic Family, excluding athletes and officials, is projected at \$105.4 million.

Residents of the Olympic Villages in Atlanta and Savannah

Athletes and officials staying in the Olympic Villages total 16,500. Visitor days will total 297,000. Most of the daily expenditures associated with residents of the villages already has been implicitly accounted for in the estimates of ACOG direct expenditures reported in the previous chapter. Expenditures of a strictly personal nature, however, are not included in such estimates. Average daily expenditures for personal items will total \$25 and are reported in Table 4-8. Cumulative daily expenditures will amount to \$7.4 million, of which \$5.2 million represents indirect economic impact. Virtually all residents of the Olympic Villages will arrive by air transportation. Spending for air transportation will total \$2.7 million. Accordingly, the total indirect economic impact of spending by residents of the Olympic Villages in Atlanta and Savannah is \$7.9 million.

Spectators Attending the Yachting Venue in Savannah

The City of Savannah will host the 1996 Yachting Events. Since tickets will not be required to view the yachting events, these visitors were not included in previous calculations of ticket sales or visitation. Projections

indicate approximately 10,000 out-of-town spectators for a total of 40,000 visitor days. Expenditures are reported in Table 4-9. Average daily expenditures are estimated at \$154 per visitor. Accordingly, cumulative daily expenditures will total \$5.5 million, of which \$5.1 million is indirect economic impact. Approximately, 26 percent (51,750) of these visitors will arrive by air transportation, generating \$425 thousand in spending. The indirect economic impact of spending by spectators attending the Yachting Venue in Savannah will total \$6.2 million.

Summary of Games Time Out-of-State Visitation

Table 4-22 summarizes out-of-state visitation during the Olympic Games period. During the Games, it is estimated that 818,642 out-of-state visitors will spend a total of 5,376,031 visitor days in Georgia. Domestic spectators and non-attending members of their parties account for the bulk of visitation during the Games (74 percent of visitors and 56 percent of visitor days).

PRE- AND POST-OLYMPIC GAMES VISITATION

Although out-of-state visitation during the Games makes up the largest portion of visitor spending, hosting the Summer Olympics also brings significant numbers of visitors to the state before and after the Games. Pre- and post-Olympic related spending arises from ten groups of visitors: Broadcast, Cultural, Marketing, Olympic Family, Press, Purchasing, Security, Sports Program, Savannah Pre-Olympic, and Pre-Olympic Training.

Broadcast Visitation

Table 4-10 reports that broadcast visitors will total 6,245 and include freelancers associated with the Atlanta Olympic Broadcast, individuals and associates with various networks, and network and vendor employees who temporarily relocate to Atlanta to prepare for the Games. Total visitor days for the broadcast group are projected to be 661,680 days. Average daily expenditures per person are estimated at \$91. Cumulative daily expenditures will total \$60.0 million, of which \$51.3 million constitutes indirect economic impact. Seventy-five percent of broadcast visitors will arrive by air, generating an additional \$766 thousand in spending. Therefore, the total indirect economic impact for this category of visitors amounts to \$52.1 million.

Cultural Olympiad Visitation

The Cultural Olympiad Visitation estimates assume that the primary purpose of each visitor's trip was to attend a cultural event. Accordingly, the out-of-state visitation estimates do not include trips for which attending a cultural event was not the primary reason for coming to Georgia.

Pre- and post-Olympic cultural visitation will total 50,200 out-of-state visitors and 50,200 visitor days. Expenditures are reported in Table 4-11. Average daily expenditures by each visitor attending the Cultural Olympiad will total \$182. Cumulative daily expenditures will total \$9.2 million, of which \$8.5 million is indirect economic impact. Ten percent of cultural visitors will arrive by air, adding \$821 thousand in indirect economic impact.

Accordingly, the indirect economic impact of pre- and post-Olympic Cultural visitation amounts to \$9.3 million.

Marketing Visitation

Marketing and corporate sponsorship will not only play an important role in financing the Games, but also will contribute significantly to out-of-state visitation. Sponsors and their representatives will come to Georgia for workshops, meetings, and to plan for Games-period activities and events. Marketing visitation amounts to 14,180 visits and 113,803 visitor days. Table 4-12 documents spending by this group of visitors. Average daily expenditures per person total \$228, and cumulative daily expenditures will total \$25.9 million. Approximately \$23.9 million represents indirect economic impact to the Georgia economy. Ninety percent of marketing and sponsorship visitors will arrive by air, generating an additional \$2.1 million in spending. Therefore, the indirect economic impact for this visitor category amounts to \$26.0 million.

Olympic Family Visitation

Pre- and post-Olympic Games visitation by members of the Olympic Family totals 8,965 visitors and 44,207 visitor days. Average daily expenditures per person are projected at \$228. Cumulative spending by members of the Olympic Family is reported in Table 4-13 and will total \$10.1 million, of which \$9.3 million is indirect economic impact. Ninety-five percent of these visitors will arrive by air, adding \$1.4 million in spending.

The indirect economic impact of pre- and post-Olympic Games visitation by members of the Olympic Family will amount to \$10.7 million.

Press Visitation

ACOG anticipates that press visitation will total 7,850 visitors and 164,250 visitor days. Expenditures are reported in Table 4-14. Average daily expenditures per person are estimated at \$168. Cumulative spending by the press will total \$27.6 million, of which \$25.3 million is indirect economic impact. Seventy-five percent of these visitors will arrive by air, generating an additional \$963 thousand in indirect impact. The indirect economic impact of pre- and post-Olympic press visitation will equal \$26.3 million.

Purchasing Visitation

Pre- and post-Olympic purchasing visitation consists of vendors and their representatives. Such visitation will total 2,288 visitors and 6,864 visitor days. Average daily expenditures will total \$168. Table 4-15 reports that total expenditures will equal \$1.2 million, but only \$1.1 million can be counted as indirect economic impact. Ninety percent of purchasing visitors will arrive by air, generating an additional \$337 thousand in indirect spending. The total indirect economic impact of pre- and post-Olympic spending by purchasing visitors will equal \$1.4 million.

Security Visitation

Pre- and post-Olympic visitation related to security will total 8,075 visitors and 153,425 visitor days. Associated spending is reported in

Table 4-16. Average daily expenditures per person will equal \$100. Spending associated with such visitors will total \$15.3 million, of which \$13.2 million is indirect economic impact. Twenty-six percent of security visitors will arrive by air, generating another \$343 thousand in impact. The total indirect economic impact of security visitation is projected at \$13.6 million.

Sports Visitation

Pre- and post-Olympic Games sports visitation consists of visits by athletes/participants and visits by spectators. Table 4-17 provides a partial list of pre-Olympic sports events. Expenditures are reported in two separate tabulations (Table 4-18 and Table 4-19), because each type of visitor will spend at different daily rates. For example, athletes and participants each will spend \$85 per day, while each spectator will spend \$158 per day. The differential in part reflects ACOG's commitment to cover a portion of athletes/participants' expenditures for lodging and meals for some pre-Game events.

Visitation by athletes and participants will total 28,732 visits and 152,429 visitor days. Total expenditures for these visitors is projected at \$13.0 million, of which \$11.4 million represents indirect economic impact. Ninety percent of these visitors will arrive by air, generating another \$4.2 million in impact. The total indirect economic impact of pre- and post-Olympic spending by athletes and participants will be \$15.6 million.

Visitation by spectators will total 83,280 visitors and 458,280 visitor days. Average daily expenditures will equal \$158. Spending will total \$72.5 million, of which \$66.1 is indirect economic impact. Twenty-six percent of

spectators will arrive by air, adding \$3.5 million in indirect spending. The total indirect economic impact is projected at \$69.7 million.

Totaling the indirect impact generated by athletes/participants and that generated by spectators yields \$85.3 million. This represents the total indirect economic impact of sports visitation.

Savannah Visitation

In hosting the yachting event, the City of Savannah will not only benefit from visitation during the Olympic Games, but also will capture significant flows of out-of-state spending before and after the Games. Local officials and ACOG estimate that pre- and post-Olympic visitation in Savannah will total 51,558 visitors and 112,930 visitor days. Expenditures for these visitors are reported in Table 4-20. Average daily expenditures per person will total \$137. Visitors' spending will amount to \$15.4 million, of which \$14.3 million is indirect economic impact. Twenty-six percent of the visitors will arrive by air, adding \$2.2 million in indirect spending. The total indirect economic impact of Savannah pre- and post-Olympic visitation is projected at \$16.4 million.

Pre-Olympic Training Visitation

Pre-Olympic training will be occurring not only in Georgia, but throughout the Southeast. Total pre-Olympic training will bring 25,396 visitors to the Southeast for a total of 1,782,930 visitor days. The following estimates, however, reflect only training visitation in Georgia. Pre-Olympic training visitation in Georgia will total 12,146 visitors and 1,025,430 visitor

days. To avoid double-counting, these estimates do not include training for the yachting event in Savannah, which were included in the estimates for Savannah Visitation presented in the preceding discussion.

Spending estimates for pre-Olympic training that takes place in Georgia are reported in Table 4-21. Average daily expenditures will equal \$91. Training-related visitors will spend \$93.0 million. Almost \$79.5 million of these expenditures can be counted as indirect economic impact. All of these visitors will arrive by air, generating \$2.0 million in economic impact. The indirect economic impact of training visitation will total \$81.5 million.

Summary of Pre- and Post-Olympic Visitation

Table 4-22 summarizes pre- and post-Olympic visitation. Estimates indicate that 273,519 visitors will visit Georgia before and after the Games period. Collectively, these visitors will spend 2,943,498 visitor days in Georgia.

Summary of Total Visitation, Before, During, and After the Games

Hosting the 1996 Summer Olympic Games will bring over one million visitors to Georgia (1,092,161). Collectively, this amounts to over 8.3 million visitor days. The 818,642 Game-time visitors account for 65 percent of the visitor days. The 273,519 that visit Georgia before and after the Games account for 35 percent of the visitor days.

DISPLACEMENT EFFECTS

Because the RIMS II multipliers do not automatically account for displacement of existing economic activity, any displacement must be separately estimated. Since spending by ACOG and ACOP is spread out over several years, it is unlikely to displace normal spending flows during most of the period, but the surge in out-of-state visitation during the 18 days near to and during the Games will affect the region's usual spending patterns in two ways: (1) Visitation that is unrelated to the Olympics (e.g. by conventioners) will be almost entirely displaced during the 18-day game period, but will be enhanced both before and after the games. (2) Many area residents will adjust their usual vacation plans to accommodate the Olympic Games, and while some of these adjustments will diminish local spending, others will increase it. Based on the limitation of available data, the net effect on regional spending flows is difficult to gauge.

Ultimately, a middle-of-the-road position was adopted, by assuming that displacement and enhancement effects are mutually offsetting. This assumption assures that the estimates reported by this study are straightforward, without manipulation of values. Although the research team did not assign specific dollar values to displacement and enhancement effects, they are discussed at length in the following paragraphs.

The Effects of Hosting the Olympic Games on Convention Activity

Convention activity during the 18-day Olympic Games will be near zero. Clearly, if this study were designed to assess the economic impact of the

Olympics during this period alone, the displacement effect would be substantial. The perspective of this study, however, is the seven-year period, 1991-1997. Some conventions, particularly small state and regional events, simply will reschedule. More importantly, before and after the Summer Olympic Games, conventions that otherwise would have gone elsewhere will come to Atlanta, particularly those associated with various sports organizations. Convention planners know that the city will be at its best. Hosting the Olympic Games showcases Atlanta, enhances its image, and creates for visitors the sensation of being where the action is. These synergies could partially offset, completely offset, or more than offset decreases in convention activity near to and during the Games.

The Effects of Hosting the Olympic Games on Residents' Vacation Plans

Congestion created by the Olympic Games and opportunities to rent private residences to out-of-town visitors will cause some Atlantans to take out-of-town trips during the Games. Persons who leave for other parts of Georgia do not cause dollars to leave the state. In addition, many of those who do go out-of-state would have taken a vacation at some time during the year anyway; the Olympics simply will condense the normal exodus. This alteration in the timing of vacations probably accounts for the bulk of any exodus, and does not constitute a net impact to the state economy.

Nonetheless, some families that would not otherwise have taken a out-of-state vacation will take one, but with offsetting effects. Some residents who usually take out-of-state vacations will vacation at home so that they can take advantage of the once-in-a-lifetime opportunity to attend the Olympic

Games in their own backyard. Similarly, some persons who normally take an out-of-state trip will remain in town because of the unprecedented surge in business activity generated by the Games.

Once again, since it is difficult to gauge the overall effect of hosting the Olympic Games on convention activity and on residents' vacation plans, a neutral position was adopted, by assuming that the effects are mutually offsetting. Such a position is consistent with the assumptions of the previous economic impact studies.

SUMMARY OF THE INDIRECT ECONOMIC IMPACT ESTIMATES

The indirect economic impact of the 1996 Summer Olympic Games on the Georgia economy totals \$1.1 billion, as summarized in Table 4-23. Indirect impacts created by visitors during the 18 day Olympic Games period (\$823 million) accounts for 72 percent of the indirect economic impact. Impacts generated by visitors both before and after the Games create the remaining 28 percent (\$323 million) of the indirect economic impact. Chapter 5 estimates the induced and total economic impact of the 1996 Olympic Games.

Table 4-1

**The 1996 Summer Olympic Games:
Total Expenditures by Sponsor Visitors¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	125.00	50,920,500	50,920,500
Restaurant	55.58	22,641,291	22,641,291
Retail	36.00	14,665,104	7,332,552
Local Transportation	10.34	4,212,144	3,790,929
Entertainment	10.03	4,085,861	4,085,861
Other	14.06	5,727,538	5,727,538
Sub-Total	251.01	102,252,438	94,498,671
Air Transportation ²	-	-	9,991,824
Grand Total	-	-	104,490,495

¹ Based on signed and anticipated contracts that 67,894 out-of-state sponsors will visit Georgia for a total of 407,364 visitor days.

² Ninety percent of sponsors will arrive by air (61,105).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-2

**The 1996 Summer Olympic Games:
Total Expenditures by Broadcast Visitors¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	105.03	34,307,209	34,307,209
Restaurant	15.00	4,899,630	4,899,630
Retail	25.00	8,166,050	4,083,025
Local Transportation	10.34	3,377,478	3,039,730
Entertainment	6.02	1,966,385	1,966,385
Other	8.44	2,756,858	2,756,858
Sub-Total	169.83	55,473,611	51,052,838
Air Transportation ²	-	-	3,023,272
Grand Total	-	-	54,076,110

¹ Based on signed EBU and NBC contracts and projections of the other broadcast groups based on experience at previous games. 20,543 out-of-state visitors are expected to stay in Georgia for a total of 326,642 visitor days.

² Ninety percent of broadcast visitors will arrive by air (18,489).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-3

**The 1996 Summer Olympic Games:
Total Expenditures by International Visitors¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	105.03	68,269,500	68,269,500
Restaurant	55.58	36,127,000	36,127,000
Retail	32.82	21,333,000	10,666,500
Local Transportation	10.34	6,721,000	6,048,900
Entertainment	10.03	6,519,500	6,519,500
Other	14.06	9,139,000	9,139,000
Sub-Total	227.86	148,109,000	136,770,400
Air Transportation ²	-	-	10,628,800
Grand Total	-	-	147,399,200

¹ Based on NOC allocation of 650,000 tickets and an assumption that the average visitor will attend ten events. 65,000 international visitors are expected for a total of 650,000 visitor days.

² All international visitors are assumed to arrive by air (65,000).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-4

**The 1996 Summer Olympic Games:
In-State and Out-of-State Domestic Ticket Purchasing Visitors**

Projected Ticket Sales	5,682,710
Georgia's 1996 Population	7,000,000
The Primary In-State Market (Atlanta MSA)	
1996 Population	3,061,800
Participation Rate	13.0%
Events Per Attendee	2.0
Ticket Sales	796,068
The Secondary In-State Market	
1996 Population	1,920,800
Participation Rate	8.0%
Events Per Attendee	2.0
Ticket Sales	307,328
The Tertiary In-State Market	
1996 Population	2,017,400
Participation Rate	6.0%
Events Per Attendee	3.0
Ticket Sales	363,132
Ticket Sales to Georgia Residents	1,466,528
Georgians Attending the Games	672,742
Percent of Georgians Attending the Games	9.6%
Ticket Sales to Out-of-State Residents	2,714,423
Events per Out-of-State Attendee	6.0
Out-of-State Residents Attending the Games	452,404

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-5

**Ticket-Purchasing Domestic Out-of-State Visitors
to the 1996 Summer Olympic Games:
Accommodations, Nonattending Visitors, and Total Visitor Days**

Ticket-Purchasing Out-of-State Visitors (number)	452,404
Out-of-State Attending Visitors by Accommodation Type	
Staying in Paid Accommodations^a	271,442
(Percent)	60%
Staying with Friends/Relatives	158,341
(Percent)	35%
Staying in Campgrounds/Motor Homes	22,620
(Percent)	5%
Accompanying but Non-Attending Visitors	150,801
Staying in Paid Accommodations^a	90,481
Staying with Friends/Relatives	52,780
Staying in Campgrounds/Motor Homes	7,540
Total: Attending Plus Non-Attending	603,205
Staying in Paid Accommodations^a	361,923
Staying with Friends/Relatives	211,122
Staying in Campgrounds/Motor Homes	30,160
Average Length of Stay	5 days
Total Number of Out-of-State Visitor Days	3,016,026
Staying in Paid Accommodations^a	1,809,615
Staying with Friends/Relatives	1,055,609
Staying in Campgrounds/Motor Homes	150,801

^a Paid accommodations include hotels, motels, resorts, and rented private residences.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-6

**The 1996 Summer Olympic Games:
Total Expenditures by Domestic Out-of State Visitors¹
(expressed in 1994 dollars)**

Visitors Staying in Paid Accommodations

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	70.00	126,673,050	126,673,050
Restaurant	44.46	80,455,483	80,455,483
Retail	26.25	47,502,394	23,751,197
Local Transportation	8.27	14,965,516	13,468,964
Entertainment	8.03	14,531,208	14,531,208
Other	11.25	20,358,169	20,358,169
Sub-Total	168.26	304,485,820	279,238,071

Visitors Staying with Friends and Relatives

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	0.00	0	0
Restaurant	35.00	36,946,350	36,946,350
Retail	32.00	33,779,520	16,889,760
Local Transportation	6.00	6,333,660	5,700,294
Entertainment	10.00	10,556,100	10,556,100
Other	12.00	12,667,320	12,667,320
Sub-Total	95.00	100,282,950	82,759,824

Visitors Staying in Campgrounds/Motor Homes

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	5.00	754,000	754,000
Restaurant	25.00	3,770,000	3,770,000
Retail	32.00	4,825,600	2,412,800
Local Transportation	10.00	1,508,000	1,357,200
Entertainment	8.00	1,206,400	1,206,400
Other	14.00	2,111,200	2,111,200
Sub-Total	94.00	14,175,200	11,611,600
Grand Sub-Total	138.91	418,943,970	373,609,495
Air Transportation ²	-	-	24,363,123
Grand Total	-	-	397,972,618

¹ The number of domestic out-of-state visitors was calculated as a residual allowing for in-state, international, broadcast, and sponsor ticket sales. Out-of-state attending visitors total 452,404. Accompanying but non-attending visitors total 150,801. Collectively, the number of domestic out-of-state visitor days totals 3,016,025. The breakdown for accommodations is: Paid equals 60 percent, Friends/Relatives equals 35 percent, and Campgrounds equals 5 percent.

² Twenty-six percent of visitors staying in paid accommodations or with friends and relatives will arrive by air (156,833). Based on data obtained from the U.S. Travel Data Center.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-7

**The 1996 Summer Olympic Games:
Total Expenditures by Olympic Family Members
-- excluding Athletes/Officials¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	105.03	67,114,170	67,114,170
Restaurant	15.00	9,585,000	9,585,000
Retail	25.00	15,975,000	7,987,500
Local Transportation	10.34	6,607,260	5,946,534
Entertainment	6.02	3,846,780	3,846,780
Other	8.44	5,393,160	5,393,160
Sub-Total	169.83	108,521,370	99,873,144
Air Transportation ²	-	-	5,514,712
Grand Total	-	-	105,387,856

¹ Includes 35,500 media, security, personnel, vendors, contractors, and protocol. These visitors will stay in paid accommodations for a total of 639,000 visitor days.

² Ninety-five percent of Olympic Family members will arrive by air (33,725).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-8

**The 1996 Summer Olympic Games:
Total Expenditures by Athletes/Officials
Staying in the Olympic Villages¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	0.00	0	0
Restaurant	0.00	0	0
Retail	15.00	4,455,000	2,227,500
Local Transportation	0.00	0	0
Entertainment	0.00	0	0
Other	10.00	2,970,000	2,970,000
Sub-Total	25.00	7,425,000	5,197,500
Air Transportation ²	-	-	2,698,080
Grand Total	-	-	7,895,580

¹ Athletes and officials staying in the Olympic Villages in Atlanta and Savannah total 15,500 and 1,000, respectively. Visitor days will total 297,000.

² All residents of the Olympic Villages will arrive by air transportation (16,500).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-9

**The 1996 Summer Olympic Games:
Total Expenditures by Spectators
Attending the Yachting Venue in Savannah¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	80.00	3,200,000	3,200,000
Restaurant	33.35	1,334,000	1,334,000
Retail	19.69	787,600	393,800
Local Transportation	6.20	248,000	223,200
Entertainment	6.02	240,800	240,800
Other	8.44	337,600	337,600
Sub-Total	153.70	5,468,800	5,050,200
Air Transportation ²	-	-	425,152
Grand Total	-	-	6,154,552

¹ Visitation by spectators attending the Yachting Venue in Savannah total 10,000 visitors and 40,000 visitor days.

² Twenty-six percent of attendees will arrive by air (2,600).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-10

**Pre- and Post-Olympic Games Broadcast Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	30.00	19,850,400	19,850,400
Restaurant	15.00	9,925,200	9,925,200
Retail	25.00	16,542,000	8,271,000
Local Transportation	6.20	4,102,416	3,692,174
Entertainment	6.02	3,983,314	3,983,314
Other	8.44	5,584,579	5,584,579
Sub-Total	90.66	59,987,909	51,306,667
Air Transportation ²	-	-	765,887
Grand Total	-	-	52,072,554

¹ Broadcast visitors total 6,245 (661,680 visitor days) and include AOB Freelance, Unilateral Broadcast, Meetings, Network Employees, and Relocations.

² Seventy-five percent of broadcast visitors will arrive by air (4,684).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-11

**Pre- and Post-Olympic Games Cultural Olympiad Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	84.02	4,217,804	4,217,804
Restaurant	44.46	2,231,892	2,231,892
Retail	26.25	1,317,750	658,875
Local Transportation	8.27	415,154	373,639
Entertainment	8.03	403,106	403,106
Other	11.25	564,750	564,750
Sub-Total	182.28	9,150,456	8,450,066
Air Transportation ²	-	-	820,870
Grand Total	-	-	9,270,936

¹ Pre- and Post-Olympic Cultural Olympiad visitation totals 50,200 visitors and 50,200 visitor days.

² Ten percent of the cultural visitors will arrive by air (5,020).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-12

**Pre- and Post-Olympic Games Marketing Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	105.03	11,952,729	11,952,729
Restaurant	55.58	6,325,171	6,325,171
Retail	32.82	3,735,014	1,8967,507
Local Transportation	10.34	1,176,723	1,059,051
Entertainment	10.03	1,141,444	1,141,444
Other	14.06	1,600,070	1,600,070
Sub-Total	227.86	25,931,152	23,945,972
Air Transportation ²	-	-	2,086,842
Grand Total	-	-	26,032,814

¹ Includes Partners TOP Sponsors, U.S. Sponsors, Suppliers and Licensees, Advertising Agencies and Marketing Consultants, and ACOP visitors. Collectively, visitation amounts to 14,180 visitors and 113,803 visitor days.

² Ninety percent of marketing visitors will arrive by air (12,762).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-13

**Pre- and Post-Olympic Games Olympic Family Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	105.03	4,643,061	4,643,061
Restaurant	55.58	2,457,025	2,457,025
Retail	32.82	1,450,874	725,437
Local Transportation	10.34	457,100	411,396
Entertainment	10.03	443,396	443,396
Other	14.06	621,550	621,550
Sub-Total	227.86	10,073,007	9,301,860
Air Transportation ²	-	-	1,392,659
Grand Total	-	-	10,694,519

¹ Pre- and post-Olympic Games Olympic family visitation totals 8,965 visitors and 44,207 visitor days. Includes visitation from National Olympic Committee, bid and host cities, the International Olympic Committee, etc.

² Ninety-five percent of Olympic family visitors will arrive by air (8,517).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-14

**Pre- and Post-Olympic Games Press Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	70.00	11,497,500	11,497,500
Restaurant	44.46	7,302,555	7,302,555
Retail	26.25	4,311,563	2,155,781
Local Transportation	8.27	1,358,348	1,222,513
Entertainment	8.03	1,318,928	1,318,928
Other	11.25	1,847,813	1,847,813
Sub-Total	168.26	27,636,705	25,345,089
Air Transportation ²	-	-	962,724
Grand Total	-	-	26,307,813

¹ Press visitation will total 7,850 visitors and 164,250 visitor days.

² Seventy-five percent of press visitors will arrive by air (5,888).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-15

**Pre- and Post-Olympic Games Purchasing Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	70.00	480,480	480,480
Restaurant	44.46	305,173	305,173
Retail	26.25	180,180	90,090
Local Transportation	8.27	56,765	51,089
Entertainment	8.03	55,118	55,118
Other	11.25	77,220	77,220
Sub-Total	168.26	1,154,937	1,059,170
Air Transportation ²	-	-	336,720
Grand Total	-	-	1,395,890

¹ Pre- and Post-Olympic Games purchasing visitation total 2,288 visitors and 6,864 visitor days.

² Ninety percent of purchasing visitors will arrive by air (2,059).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-16

**Pre- and Post-Olympic Games Security Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	35.00	5,369,875	5,369,875
Restaurant	15.00	2,301,375	2,301,375
Retail	25.00	3,835,625	1,917,813
Local Transportation	10.34	1,586,415	1,427,773
Entertainment	6.02	923,619	923,619
Other	8.44	1,294,907	1,294,907
Sub-Total	99.80	15,311,815	13,235,361
Air Transportation ²	-	-	343,310
Grand Total	-	-	13,578,671

¹ Security visitation totals 8,075 visitors and 153,425 visitor days.

² Twenty-six percent of security visitors will arrive by air (2,100).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-17

Partial List of Pre-Olympic Sports Events in 1995

<u>Dates</u>	<u>Sport</u>	<u>Event</u>	<u>Site</u>
March 4	Track & field	USA/Mobil Indoor Championships	Georgia Dome
March 30-April 2	Badminton	Yonex U.S. Nationals	Georgia State University
May 14	Cycling	First Union Grand Prix	Downtown streets
June 22-25	Rowing	U.S. National Regatta	Lake Lanier
July 27-July 1	Rowing	Lake Lanier Sprint Challenge	Lake Lanier
July 29-Aug. 6	Yachting	Savannah Olympic Classes Regatta	Wassau Sound
Aug. 1-5	Synchronized swimming	VII World Cup	Georgia Tech Aquatic Center
Aug. 3-6	Canoe/kayak	Ocoee Slalom Challenge	Ocoee River, Tenn.
Aug. 6-13	Field hockey	1995 Atlanta Challenge Cup	Clark-Atlanta University
Aug. 8-13	Team handball	Handball U.S.A. Cup	Georgia International Convention Center
Aug. 8-12	Softball	1995 Columbus SuperBall Tournament	Golden Park, Columbus
Aug. 9-13	Badminton	Yonex U.S. Open Championships	Georgia State University
Aug. 10-12	Fencing	Super Masters Invitational	Georgia International Convention Center
Aug. 10-13	Judo	Atlanta Invitational Championships	Georgia International Convention Center
Aug. 10-13	Wrestling	Freestyle World Championships	Omni
Aug. 10-13	Swimming	Pan Pacific Championships	Georgia Tech Aquatic Center
Aug. 10-13	Table Tennis	World Team Cup	World Congress Center
Aug. 11-12	Modern pentathlon	1995 World Cup	Multiple venues
Aug. 13	Weightlifting	Super Heavyweight	Georgia International Convention Center
Aug. 15-19	Volleyball	1995 Centennial Inv. Cup	Omni
Aug. 17-20	Equestrian	The Atlanta Three Day Event Cup	Georgia International Horse Park
Aug. 20	Cycling	Mountain Bike Racing Invitational	Georgia International Horse Park
Sept. 5-9	Diving	IX World Cup	Georgia Tech Aquatic Center
Sept. 8-10	Badminton	Southern Classic	Georgia State University
Sept. 12-17	Water polo	IX World Cup	Georgia Tech Aquatic Center
Oct. 13-15	Cycling	Atlanta Invitational	Stone Mountain Park
Nov. 16-17	Gymnastics	International Invitational	Georgia Dome

Source: Atlanta Committee for the Olympic Games.

Table 4-18

**Pre- and Post-Olympic Games Sports Visitation--Athletes/Participants:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging ²	30.00	4,572,870	4,572,870
Restaurant ²	15.00	2,286,435	2,286,435
Retail	19.69	3,001,327	1,500,664
Local Transportation	6.20	945,060	850,554
Entertainment	6.02	917,623	917,623
Other	8.44	1,286,501	1,286,501
Sub-Total	85.35	13,009,815	11,414,646
Air Transportation ³	-	-	4,228,431
Grand Total	-	-	15,643,077

¹ Athlete/Participant visitation totals 28,732 visitors and 152,429 visitor days.

² ACOG will pay approximately fifty percent of these expenditures.

³ Ninety percent of the Athletes/Participants will arrive by air (25,859).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-19

**Pre- and Post-Olympic Games Sports Visitation--Spectators:
Average Daily, Total, and Indirect Expenditures¹**
(expressed in 1994 dollars)

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	60.00	27,496,800	27,496,800
Restaurant	44.46	20,375,129	20,375,129
Retail	26.25	12,029,850	6,014,825
Local Transportation	8.27	3,789,976	3,410,978
Entertainment	8.03	3,679,988	3,679,988
Other	11.25	5,155,650	5,155,650
Sub-Total	158.26	72,527,393	66,133,470
Air Transportation ²	-	-	3,540,666
Grand Total	-	-	69,674,136

¹ Spectator visitation totals 83,280 visitors and 458,280 visitor days.

² Twenty-six percent of the spectators will arrive by air (22,653).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-20

**Savannah Pre- and Post-Olympic Games Visitation:
Average Daily, Total, and Indirect Expenditures¹
(expressed in 1994 dollars)**

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	63.02	7,116,849	7,116,849
Restaurant	33.35	3,766,216	3,766,216
Retail	19.69	2,223,592	1,111,796
Local Transportation	6.20	700,166	630,149
Entertainment	6.02	679,839	679,839
Other	8.44	953,129	953,129
Sub-Total	136.72	15,439,790	14,257,977
Air Transportation ²	-	-	2,191,999
Grand Total	-	-	16,449,976

¹ Visitation totals 51,558 visitors and 112,930 visitor days.

² Twenty-six percent of the visitors will arrive by air (13,405).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-21

**Pre- and Post-Olympic Games Training Visitation:
Average Daily, Total, and Indirect Expenditures¹**
(expressed in 1994 dollars)

<u>Expenditure Class</u>	<u>Daily Amount per Visitor</u>	<u>Total Expenditures</u>	<u>Indirect Expenditures</u>
Lodging	30.00	30,762,900	30,762,900
Restaurant	15.00	15,381,450	15,381,450
Retail	25.00	25,635,750	12,817,875
Local Transportation	6.20	6,357,666	5,721,899
Entertainment	6.02	6,173,089	6,173,089
Other	8.44	8,654,629	8,654,629
Sub-Total	90.66	92,965,484	79,511,842
Air Transportation ²	-	-	1,986,114
Grand Total	-	-	81,497,956

¹ Training visitation totals 12,146 athletes and officials and 1,025,430 visitor days.

² All of these visitors will arrive by air (12,146).

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and the Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-22**The 1996 Summer Olympic Games:
Summary of Out-of-State Visitation**

<u>Expenditure Category</u>	<u>Number of Visitors</u>	<u>Number of Visitor Days</u>
PRE- AND POST-OLYMPIC GAMES	273,519	2,943,498
Broadcast	6,245	661,680
Cultural Olympiad	50,200	50,200
Marketing	14,180	113,803
Olympic Family	8,965	44,207
Press	7,850	164,250
Purchasing	2,288	6,864
Security	8,075	153,425
Sports Program	112,012	610,709
Savannah	51,558	112,930
Training	12,146	1,025,430
OLYMPIC GAMES	818,642	5,376,031
Sponsors	67,894	407,364
Broadcast	20,543	326,642
International	65,000	650,000
General Public	603,205	3,016,025
Olympic Family	35,500	639,000
Athletes/Officials	16,500	297,000
Yachting Spectators	10,000	40,000
GRAND TOTAL	1,092,161	8,319,529

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 4-23**The 1996 Summer Olympic Games: Spending by Out-of-State Visitors**

Expenditure Category	Total Spending (\$ 1994)	Indirect Expenditures (\$1994)
SPENDING BY OUT-OF-STATE VISITORS	1,265,363,037	1,145,994,764
Pre- and Post-Olympic Games	361,844,685	322,618,346
Broadcast	60,753,796	52,072,557
Cultural Olympiad	9,971,326	9,270,936
Marketing	28,017,994	26,032,813
Olympic Family	11,465,666	10,694,521
Press	28,599,429	26,307,813
Purchasing	1,491,657	1,395,890
Security	15,655,125	13,578,672
Sports Program	93,306,305	85,317,211
Savannah	17,631,789	16,449,976
Training	94,951,598	81,497,956
Olympic Games	903,518,352	823,376,418
Sponsors	112,244,262	104,490,495
Broadcast	58,496,883	54,076,111
International	158,737,800	147,399,200
General Public	443,307,093	397,972,620
Olympic Family	114,036,082	105,387,860
Athletes/Officials	10,123,080	7,895,580
Yachting Spectators	6,573,152	6,154,552

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

CHAPTER FIVE:
THE INDUCED AND TOTAL OUTPUT IMPACT
OF THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

As noted previously, impacts created by hosting the 1996 Summer Olympics are not limited to direct and indirect expenditures, but also include the induced impacts that are created through multiplier effects. For each direct and indirect expenditure category, induced economic impacts are estimated. By bringing together direct, indirect, and induced economic impacts, this chapter presents a complete picture of the total output impact of the 1996 Summer Olympic Games on the state's economy. Induced economic impacts resulting from the 1996 Summer Olympics are estimated using the Regional Input-Output Modeling System (RIMS II) developed by the U.S. Department of Commerce, Bureau of Economic Analysis.

To review: RIMS II is designed to estimate multipliers to assess the induced economic impacts created by specific events of public and private sector economic development, including the economic impact of sporting events. RIMS II multipliers measure the regional impacts of expenditures on output (sales), earnings, and employment. The emphasis in this chapter is on the output impacts generated by the 1996 Summer Olympic Games. Chapter Six documents the earnings and employment impacts of the Olympic Games.

THE INDUCED AND TOTAL OUTPUT IMPACTS

For each spending class, the RIMS II model was used to calculate the total output impact of the Summer Olympic Games. The induced, or multiplier, impacts were then derived from the totals by subtracting the direct or indirect impacts for each spending category from the total output impact of that category. The RIMS II model indicated which industries are affected and by what amounts.

The direct or indirect, induced, and total output impacts generated by each class of spending are summarized in Table 5-1. The combined impact of all direct and indirect expenditures on output is \$5.1 billion: \$2.6 billion represents the direct and indirect impacts and \$2.5 billion represents induced (responding) impacts. Spending by ACOG, other direct spending, and the associated induced spending account for 51 percent of the total output impact, and spending by visitors and its associated induced spending account for 49 percent of the total output impact.

Dividing the total output impact by combined direct and indirect spending yields an average multiplier value of 2.2. In other words, on average, every dollar of direct spending by ACOG or indirect spending by visitors generates an additional \$1.20 in impact to Georgia's economy. The 2.2 multiplier was achieved because direct and indirect spending was concentrated in industry sectors with relatively high multiplier values.

EXPENDITURES RECEIVED BY INDUSTRY AND THEIR SUBSEQUENT OUTPUT IMPACTS

A more detailed picture of the output impacts resulting from direct and indirect spending is provided by Table 5-2. It shows direct and indirect expenditures received by each row industry and the induced impact of those expenditures on all 38 industrial sectors and the household sector. Table 5-2 not only allocates direct and indirect expenditures to specific row industries, but goes one step further by allocating the induced impacts to the impacted row industries. The RIMS II model traces the flows of respending, thus allowing the distribution of induced impacts by impacted industry.

COMPARING THE OUTPUT IMPACTS TO THOSE OF THE PREVIOUS ECONOMIC IMPACT STUDY

Inflation-adjusted estimates of the output impacts reported by the economic impact study issued in 1992 and those reported by this study, are documented by Table 5-3. Expressed in 1994 dollars, the economic impact study conducted in 1992 estimated that the output impact of hosting the 1996 Summer Olympic Games would total \$5,340 million. The updated value equals \$5,141 million, falling short of the value expressed in the preliminary (1992) study by only \$198 million, or by about 3.7 percent.

Table 5-1
Output Impact of 1996 Olympics on Georgia's Economy

<u>Expenditure Category</u>	<u>Total Spending (\$ 1994)</u>	<u>Direct and Indirect Expenditures (\$1994)</u>	<u>Induced Output Impact (\$1994)</u>	<u>Total Output Impact (\$1994)</u>
DIRECT SPENDING BY ACOG	1,529,758,000	1,141,903,000	1,444,322,740	2,586,225,740
OTHER SPENDING	20,000,000	20,000,000	23,944,000	43,944,000
SPENDING BY OUT-OF-STATE VISITORS	1,265,363,037	1,145,994,764	1,364,364,452	2,511,359,220
Pre- and Post-Olympic Games	361,844,685	322,618,346	384,263,394	706,881,744
Broadcast	60,753,796	52,072,557	61,891,990	113,964,547
Cultural Olympiad	9,971,326	9,270,936	11,039,779	20,310,716
Marketing	28,017,994	26,032,813	31,002,778	57,035,591
Olympic Family	11,465,666	10,694,521	12,728,859	23,423,380
Press	28,599,429	26,307,813	31,445,976	57,753,794
Purchasing	1,491,657	1,395,890	1,663,461	3,059,350
Security	15,655,125	13,578,672	16,038,559	29,617,231
Sports Program	93,306,305	85,317,211	102,015,545	187,332,756
Savannah	17,631,789	16,449,976	19,578,496	36,028,472
Training	94,951,598	81,497,956	96,857,950	178,355,906
Olympic Games	903,518,352	823,376,418	981,101,058	1,804,477,476
Sponsors	112,244,262	104,490,495	124,088,769	228,579,264
Broadcast	58,496,883	54,076,111	63,121,014	117,197,125
International	158,737,800	147,399,200	175,555,750	322,954,950
General Public	443,307,093	397,972,620	478,547,468	876,520,088
Olympic Family	114,036,082	105,387,860	123,010,904	228,398,764
Athletes/Officials	10,123,080	7,895,580	9,476,157	17,371,737
Yachting Spectators	6,573,152	6,154,552	7,300,996	13,455,548
GRAND TOTAL	2,815,121,037	2,307,897,768	2,833,631,192	5,141,528,960

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 5-2

**Output Impact by Impacted Industry
of the 1996 Olympics on Georgia's Economy**

<u>Numerical Designation of Industry Aggregation</u>	<u>Industry Name</u>	<u>Direct and Indirect Expenditures (\$ 1994)</u>	<u>Induced Impact (\$ 1994)</u>	<u>Total Economic Impact^a (\$ 1994)</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	448,261	58,033,667	58,481,928	1.1%
2	For & Fishery Products	13,818	4,125,082	4,138,900	0.1%
3	Coal Mining	96,705	1,375	98,080	0.0%
4	Petroleum & Gas Mining	0	1,691	1,691	0.0%
5	Other Mining	0	3,220,511	3,220,511	0.1%
6	New Construction	212,615,000	0	212,615,000	4.1%
7	M & R Construction	3,645,367	68,899,468	72,544,835	1.4%
8	Food Products	598,653	214,495,951	215,094,604	4.2%
9	Textile Products	13,818	33,698,372	33,712,190	0.7%
10	Apparel	6,516,470	43,617,056	50,133,526	1.0%
11	Paper Products	161,177	58,829,443	58,990,620	1.1%
12	Printing & Publishing	19,461,735	66,427,231	85,888,966	1.7%
13	Chem-Petroleum Refining	10,135,634	47,878,463	58,014,097	1.1%
14	Rubber/Leather Products	313,140	26,447,344	26,760,484	0.5%
15	Lumber/Furniture	362,000	30,249,754	30,611,754	0.6%
16	Stone/Clay/Glass	187,077	23,863,520	24,050,597	0.5%
17	Primary Metals	27,631	13,612,201	13,639,832	0.3%
18	Fabricated Metals	373,007	29,907,511	30,280,518	0.6%
19	Non-Electrical Machinery	506,552	17,075,848	17,582,400	0.3%
20	Electric and Electronic	23,588,822	22,802,947	46,391,769	0.9%
21	Motor Vehicles & Equipment	276,302	31,230,975	31,507,277	0.6%
22	Other Transportation	1,745,299	6,386,072	8,131,371	0.2%
23	Instruments	188,805	4,386,849	4,575,654	0.1%
24	Other Manufacturing	96,705	7,562,440	7,659,145	0.1%
25	Transportation	98,083,055	136,436,289	234,519,344	4.6%
26	Communication	36,085,541	103,566,045	139,651,586	2.7%
27	Utilities	6,778,283	142,738,968	149,517,251	2.9%
28	Wholesale Trade	17,624,101	165,402,888	183,026,989	3.6%
29	Retail Trade	113,507,662	207,987,725	321,495,387	6.3%
30	Finance	9,763,735	99,556,547	109,320,282	2.1%
31	Insurance	25,964,872	80,203,290	106,168,162	2.1%
32	Real Estate	1,846,610	381,635,736	383,482,346	7.5%
33	Lodging & Amusements	621,562,469	56,159,095	677,721,564	13.2%
34	Personal Services	1,437,218	39,659,506	41,096,724	0.8%
35	Business Services	368,222,035	241,991,228	610,213,263	11.9%
36	Eating and Drinking	290,434,134	122,278,452	412,712,586	8.0%
37	Health Services	59,867	146,817,526	146,877,393	2.9%
38	Other Services	106,908,577	96,444,126	203,352,703	4.0%
39	Households	328,247,631	0	328,247,631	6.4%
Total		2,307,897,768	2,833,631,192	5,141,528,960	100.0%

^a Impact of spending by all industrial sectors (1-39) on specific row industry.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 5-3

**Comparing Output Impacts:
The 1992 Economic Impact Study
and the Updated Economic Impact Study
(expressed in thousands of dollars)**

<u>Expenditure Category</u>	<u>The 1992 Study (\$1992)</u>	<u>The 1992 Study (\$1994)</u>	<u>Updated Study (\$1994)</u>	<u>Difference (\$1994)</u>	<u>Percent Difference</u>
Direct or Indirect Expenditures:					
ACOG (AOC)	1,039,771	1,096,795	1,141,903	45,108	4.1%
Other	--	--	20,000	20,000	--
Out-of-State Visitors	1,224,381	1,291,530	1,145,995	-145,535	-11.3%
Pre- and Post-Games	437,630	461,631	332,619	-139,012	-30.1%
Olympic Games	786,751	829,899	823,376	-6,523	-0.8%
Grand Total	2,264,152	2,388,326	2,307,898	-80,428	-3.4%
Output Impact:					
ACOG (AOC)	2,386,758	2,517,656	2,586,226	68,570	2.7%
Other	--	--	43,944	43,944	--
Out-of-State Visitors	2,675,198	2,821,915	2,511,359	-310,556	-11.0%
Pre- and Post-Games	955,293	1,007,684	706,882	-300,802	-29.9%
Olympic Games	1,719,905	1,814,230	1,804,477	-9,753	-0.5%
Grand Total	5,061,956	5,339,570	5,141,529	-198,041	-3.7%

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

CHAPTER SIX:
TOTAL EARNINGS AND TOTAL EMPLOYMENT IMPACTS
OF HOSTING THE 1996 SUMMER OLYMPICS ON THE STATE OF GEORGIA

The economic impact of hosting the 1996 Summer Olympics on Georgia is most easily understood in terms of its effects on earnings and employment. Earnings include wages, salaries, proprietors' income, and other forms of labor income. Employment includes both full- and part-time jobs. The RIMS II model provides the multipliers needed to measure the economic impacts in these terms. Earnings multipliers for Georgia show the earnings that the given industry pays to households employed by Georgia industries in delivering a dollar of output. Similarly, employment multipliers show the number of jobs that Georgia industries provide in order for the given industry to deliver one million dollars of output to final demand.

Note that earnings impacts already are included in the output impacts (although not separately stated) and should not be added in again. Employment impacts are simply another measure of economic impact and obviously should not be added to either the output or the earnings impacts.

THE TOTAL EARNINGS IMPACT

Table 6-1 reports the total earnings impact, including induced effects, for each category of direct and indirect spending. Spending by ACOG, including off-budget spending, will generate \$1,102 million in earnings,

representing about 57 percent of the total earnings impact of hosting the Olympic Games. Visitors' (indirect) spending will generate \$814 million in earnings. Combining the direct and indirect impacts shows that hosting the 1996 Summer Olympic Games will generate \$1,916 million in earnings for the statewide economy.

EARNINGS IMPACTS BY IMPACTED INDUSTRY

Table 6-2 provides a detailed allocation of the earnings impacts produced by all direct and indirect spending sources. Earnings impacts are attributed to impacted industries rather than to expenditure sources. In accordance with the procedural guidelines established by the U.S. Department of Commerce, Bureau of Economic Analysis, wage and salary disbursements (personnel costs) by ACOG are allocated to RIMS sector #39 (households). Because ACOG's wage and salary disbursements are included in the household sector, the bulk of the dollar amounts reported in sector #39 actually reflect employment in sector #33 (lodging and amusements).

COMPARING THE EARNINGS IMPACTS TO THOSE OF THE 1992 ECONOMIC IMPACT STUDY

Inflation-adjusted estimates of the earnings impacts reported by the economic impact study conducted in 1992 and those reported by this study are compared in Table 6-3. Expressed in 1994 dollars, the 1992 Study estimated that the earnings impact of hosting the 1996 Summer Olympic Games would total \$1,925 million. The updated value equals \$1,916 million. The values are nearly identical, differing by only 0.4 percent.

THE TOTAL EMPLOYMENT IMPACT

Employment impacts accruing to the state as a result of hosting the 1996 Summer Olympic Games total 77,026 full- and part-time jobs. The total employment impacts reported in Table 6-4 include induced employment impacts. Direct spending by ACOG plus other off-budget spending, including induced effects, generates 35,987 jobs, or 47 percent of the total employment impact. This figure includes paid employees of ACOG (measured in full-time equivalents) but does not include employees loaned to ACOG, nor does it include unpaid volunteers. Indirect spending by visitors, including induced effects, theoretically should generate 41,039 jobs (53 percent).

It should be noted that the huge spike in visitor spending during the 18 day period close to and during the Games may cause the actual number of jobs created to be somewhat lower than the RIMS II model predicts.

Although employers will aggressively hire workers to meet this sudden, but

expected, surge in spending for goods and services, they also will ask their existing workers to work harder and longer than usual. The workers already on the job will produce the services and/or products demanded and will benefit from overtime pay and increased tips, leaving earnings and output estimates relatively unaffected. Working the existing workforce harder will crowd out some undetermined number of potential jobs, however.

Fortunately, about two thirds of direct and indirect spending associated with hosting the Olympic Games takes place before or after the Olympic Game period, and employment impacts associated with such spending are likely to be very close to projected levels. Employment attributed to induced spending also is largely unaffected by this crowding-out phenomenon.

EMPLOYMENT IMPACTS BY IMPACTED INDUSTRY

Table 6-5 shows in more detail where the jobs will be created industry by industry. An estimated 18,607 (23.5 percent) of the new jobs are in the lodging and amusement sector. Eating and drinking places account for 11,689 (15.2 percent) of the new jobs. Collectively, wholesale and retail impacts total 10,859 full- and part-time workers. Projections show an impact of 10,483 jobs in the business services sector. A total of 2,807 jobs are expected in new construction, with renovation and repair construction adding another 1,288 jobs. Transportation, communications, and public utilities will add about 3,924 full- and part-time jobs. Five other sectors account for a thousand or more of the new jobs: health services (2,687 jobs), other services (3,900 jobs), personal services (1,431 jobs), finance (1,411 jobs), and insurance (1,330 jobs).

COMPARING THE EMPLOYMENT IMPACTS TO THOSE OF THE 1992 ECONOMIC IMPACT STUDY

The employment impact of hosting the 1996 Summer Olympic Games is close to the value reported by the 1992 economic impact study (Table 6-6). The updated impact estimate totals 77,026 full- and part-time jobs, falling short of the 1992 estimate by only 4.2 percent.

Chapter 7 documents the impact that hosting the Olympics is likely to have on revenues collected by the Georgia Department of Revenue.

Table 6-1
Earnings Impact of
1996 Olympics on Georgia's Economy

<u>Expenditure Category</u>	<u>Earnings (\$1994)</u>
DIRECT SPENDING BY ACOG	1,084,332,484
OTHER SPENDING	18,148,000
SPENDING BY OUT-OF-STATE VISITORS	813,994,796
Pre- and Post-Olympic Games	229,603,773
Broadcast	36,842,693
Cultural Olympiad	6,592,938
Marketing	18,444,751
Olympic Family	7,744,870
Press	18,329,824
Purchasing	1,061,444
Security	9,625,833
Sports Program	61,140,071
Savannah	11,928,494
Training	57,892,856
Olympic Games	584,391,023
Sponsors	74,475,224
Broadcast	37,923,055
International	104,063,592
General Public	283,087,012
Olympic Family	73,789,527
Athletes/Officials	6,727,841
Yachting Spectators	4,324,772
GRAND TOTAL	1,916,475,280

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 6-2

**Total Earnings Impact by Impacted Industry
of the 1996 Olympic Games on Georgia's Economy**

<u>Numerical Designation of Industrial Aggregation</u>	<u>Industry Name</u>	<u>Total Earnings Impact^a</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	11,544,187	0.6%
2	For & Fishery Products	110,471	0.0%
3	Coal Mining	25,985	0.0%
4	Petroleum & Gas Mining	0	0.0%
5	Other Mining	818,314	0.0%
6	New Construction	66,909,941	3.5%
7	M & R Construction	31,367,441	1.6%
8	Food Products	25,688,920	1.3%
9	Textile Products	5,626,902	0.3%
10	Apparel	13,038,003	0.7%
11	Paper Products	10,501,434	0.5%
12	Printing & Publishing	26,479,215	1.4%
13	Chem-Petroleum Refining	8,898,107	0.5%
14	Rubber/Leather Products	6,610,322	0.3%
15	Lumber/Furniture	6,967,652	0.4%
16	Stone/Clay/Glass	6,245,493	0.3%
17	Primary Metals	2,735,808	0.1%
18	Fabricated Metals	7,077,219	0.4%
19	Non-Electrical Machinery	5,263,309	0.3%
20	Electric and Electronic	13,465,375	0.7%
21	Motor Vehicles & Equipment	4,446,377	0.2%
22	Other Transportation	2,235,944	0.1%
23	Instruments	1,497,860	0.1%
24	Other Manufacturing	1,968,622	0.1%
25	Transportation	88,662,528	4.6%
26	Communication	41,237,068	2.2%
27	Utilities	12,614,731	0.7%
28	Wholesale Trade	75,222,591	3.9%
29	Retail Trade	156,379,166	8.2%
30	Finance	44,369,322	2.3%
31	Insurance	45,127,184	2.4%
32	Real Estate	8,923,242	0.5%
33	Lodging & Amusements	218,694,202	11.4%
34	Personal Services	19,188,573	1.0%
35	Business Services	321,559,851	16.8%
36	Eating and Drinking	129,025,797	6.7%
37	Health Services	88,574,627	4.6%
38	Other Services	73,392,718	3.8%
39	Households	333,980,781 ^b	17.4%
	Total	1,916,475,280	100.0%

^a Impact of spending by all industrial sectors (1-39) on specific row industry.

^b The direct impact of payroll paid to employees of ACOG is included in the entry for the household sector.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 6-3

**Comparing Earnings Impacts:
The 1992 Economic Impact Study
and the Updated Economic Impact Study
(expressed in thousands of dollars)**

<u>Expenditure Category</u>	<u>The 1992 Study (\$1992)</u>	<u>The 1992 Study (\$1994)</u>	<u>Updated Study (\$1994)</u>	<u>Difference (\$1994)</u>	<u>Percent Difference</u>
ACOG (AOC)	927,338	978,196	1,084,332	106,136	10.9%
Other	--	--	18,148	18,148	--
Out-of-State Visitors	897,488	946,709	813,995	-132,714	-14.0%
Pre- and Post-Games	324,395	342,186	229,604	-112,582	-32.9%
Olympic Games	573,093	604,523	584,391	-20,132	-3.3%
Grand Total	1,824,826	1,924,905	1,916,475	-8,430	-0.4%

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 6-4
Employment Impact of
1996 Olympics on Georgia's Economy

<u>Expenditure Category</u>	<u>Employment (Jobs)</u>
DIRECT SPENDING BY ACOG	35,332
OTHER SPENDING	655
SPENDING BY OUT-OF-STATE VISITORS	41,039
Pre- and Post-Olympic Games	11,585
Broadcast	1,901
Cultural Olympiad	328
Marketing	926
Olympic Family	371
Press	959
Purchasing	46
Security	485
Sports Program	3,037
Savannah	570
Training	2,962
Olympic Games	29,454
Sponsors	3,677
Broadcast	1,876
International	5,262
General Public	14,506
Olympic Family	3,663
Athletes/Officials	251
Yachting Spectators	219
GRAND TOTAL	77,026

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 6-5

**Total Employment Impact by Impacted Industry of
the 1996 Olympic Games on Georgia's Economy**

<u>Numerical Designation of Industrial Aggregation</u>	<u>Industry Name</u>	<u>Total Employment Impact^{a, b} (Number of Jobs)</u>	<u>Percent of Total</u>
1	Ag, For & Fishery Services	598	0.8%
2	For & Fishery Products	6	0.0%
3	Coal Mining	2	0.0%
4	Petroleum & Gas Mining	0	0.0%
5	Other Mining	23	0.0%
6	New Construction	2,807	3.6%
7	M & R Construction	1,228	1.6%
8	Food Products	883	1.1%
9	Textile Products	238	0.3%
10	Apparel	824	1.1%
11	Paper Products	279	0.4%
12	Printing & Publishing	953	1.2%
13	Chem-Petroleum Refining	252	0.3%
14	Rubber/Leather Products	271	0.4%
15	Lumber/Furniture	317	0.4%
16	Stone/Clay/Glass	220	0.3%
17	Primary Metals	76	0.1%
18	Fabricated Metals	261	0.3%
19	Non-Electrical Machinery	183	0.2%
20	Electric and Electronic	424	0.6%
21	Motor Vehicles & Equipment	114	0.1%
22	Other Transportation	61	0.1%
23	Instruments	54	0.1%
24	Other Manufacturing	85	0.1%
25	Transportation	2,640	3.4%
26	Communication	1,012	1.3%
27	Utilities	272	0.4%
28	Wholesale Trade	1,988	2.6%
29	Retail Trade	8,871	11.5%
30	Finance	1,411	1.8%
31	Insurance	1,330	1.7%
32	Real Estate	324	0.4%
33	Lodging & Amusements ^c	18,067	23.5%
34	Personal Services	1,431	1.9%
35	Business Services	10,483	13.6%
36	Eating and Drinking	11,689	15.2%
37	Health Services	2,687	3.5%
38	Other Services	3,900	5.1%
39	Households	763	1.0%
Total		77,026	100.0%

^a Impact of spending by all industrial sectors (1-39) on specific row industry.

^b Includes full and part-time jobs.

^c Employees directly employed by ACOG are included in sector 33; but loaned employees and volunteers are not included in the employment total.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

Table 6-6

**Comparing Employment Impacts:
The 1992 Economic Impact Study
and the Updated Economic Impact Study
(full- and part-time jobs)**

<u>Expenditure Category</u>	<u>The 1992 Study (Jobs)</u>	<u>Updated Study (Jobs)</u>	<u>Difference (Jobs)</u>	<u>Percent Difference</u>
ACOG (AOC)	34,679	35,332	653	1.9%
Other	--	655	655	--
Out-of-State Visitors	45,763	41,039	-4,724	-10.3%
Pre- and Post-Games	16,073	11,585	-4,488	-27.9%
Olympic Games	29,690	29,454	-236	-0.8%
Grand Total	80,442	77,026	-3,416	-4.2%

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

CHAPTER SEVEN:
THE IMPACT OF THE 1996 SUMMER OLYMPICS
ON NET REVENUES COLLECTED BY THE GEORGIA DEPARTMENT OF
REVENUE

The Olympics generate substantial revenue for state government, primarily through personal income taxes, general sales and use taxes, selective sales taxes, and corporation income and license taxes. These four revenue sources generally account for about 96 percent of annual revenues collected by the Georgia Department of Revenue. The estimates presented here do not include the impact of the Olympics on revenues derived from motor vehicle fees, estate taxes, property taxes, motor carrier taxes, other miscellaneous taxes, and amounts collected by state agencies other than the Department of Revenue. These estimates omit the value of properties received by the state and the value of improvements to existing state-owned properties. Finally, the estimates exclude tax collections that go to local government.

Because revenue impacts cannot be directly estimated from RIMS II models, they are estimated by combining secondary data with the total output and earnings estimates generated by the RIMS II models. Simple ratios were used to calculate the tax revenue impact of the Olympic Games. Accordingly, the values for revenue impacts are likely to be less precise than are the expenditure and earnings estimates, from which the revenue impacts are derived.

THE IMPACT ON PERSONAL INCOME TAX COLLECTIONS

Georgia's maximum personal income tax rate is 6 percent, but due to progressivity, exemptions, and deductions, the effective tax rate on earnings is estimated at about 3.413 percent. This rate was calculated by dividing net individual income taxes collected in Fiscal Year 1994, Fiscal Year 1993, and Fiscal Year 1992, by earnings in the corresponding fiscal year. The 3.413 percent rate is the average value for these three years. Values for earnings were obtained from the Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce (October 1994, Table SQ5). The values for net individual income taxes in 1993 and 1992 were obtained from the Georgia Department of Revenue's Statistical Report for 1993 (Table H-2, Page 8). The monthly revenue report issued by the Georgia Department of Revenue on July 8, 1994 provided the revenue amount for Fiscal Year 1994.

As reported in Table 6-1, the total earnings impact of hosting the 1996 Summer Olympic Games equals \$1,916,475,280. Multiplying the effective tax rate on earnings by this amount yields an approximate estimate that the Games will increase net individual income tax collections by the Georgia Department of Revenue by \$65,401,988. It should be noted that the methodology implicitly assumes that the schedule of tax rates, exemptions, and deductions does not change, and that the distribution of income among tax bracket groups remains the same.

THE IMPACT ON SALES AND USE TAX COLLECTIONS

Several factors prevent direct multiplication of the output impacts by the state's portion of general sales and use tax rate of four percent. First, the RIMS II model expresses dollar amounts as the margin that is captured by Georgia's businesses. The four percent sales tax applies to actual sales, however, not just to the margin that is captured locally. Second, the aggregation of business categories makes it difficult to determine to what extent some RIMS II categories are subject to taxation under the state's sales and use tax system. Finally, tickets sold by ACOG also are subject to the sales and use tax rate of four percent.

Estimating the impact of the Olympic Games on general sales and use tax collections involved several steps. First, the portion of total expenditures by ACOG and Visitors that is subject to the state's sales and use tax rate of four percent was determined to be \$1,317,281,701. Multiplying the 4 percent sales and use tax rate by this amount shows that direct and indirect spending increased sales and use tax collections by \$52,691,268. In addition to the revenues generated by initial spending, the sales and use tax rate applies to about 27 percent of induced spending. Accordingly, induced spending will generate an additional \$30,766,663 in sales and use tax collections. Finally, tickets sold to out-of-state buyers will generate \$7,504,884 in sales and use tax collections.

Therefore, the economic impact of the Olympic Games on sales and use tax collections will total \$90,962,815.

THE IMPACT ON SELECTIVE SALES TAX COLLECTIONS

In addition to the general sales and use tax, Georgia levies selective sales taxes on motor fuels, cigars and cigarettes, liquor, beer, and wine. The RIMS II model does not provide the detail needed to apply directly the actual tax rates for these commodities. Accordingly, the average ratio of selective sales tax collections to earnings for the three recent fiscal years was used to determine the impact of the Olympic Games on selective sales tax collections. The average ratio for Fiscal Year 1994, Fiscal Year 1993, and Fiscal Year 1992, was 0.00559. Multiplying 0.00559 by the total earnings impact of the Olympic Games (\$1,916,475,280) suggest that the Olympics will contribute an extra \$10,721,558 in selective sales tax collections.

THE IMPACT ON CORPORATE INCOME AND LICENSE TAX COLLECTIONS

Estimating the impact of hosting the Olympic Games on corporate income tax revenues was a two-step process. First, for the three most recent fiscal years, total corporation income taxes collected by the Georgia Department of Revenue were divided by total earnings for each year; the average quotient equals 0.00485. Second, 0.00485 was multiplied by the earnings impact generated by hosting the Summer Olympic Games (\$1,916,475,280). Hosting the Summer Olympic Games is likely to boost corporate income taxes received by the Georgia Department of Revenue by \$9,296,155.

SUMMARY

Hosting the 1996 Summer Olympic Games is likely to generate an additional \$176,382,516 (Table 7-1) for state government. The actual amount may be somewhat greater, since this estimate includes only revenues derived from personal income taxes, sales and use taxes, selective sales taxes, and corporation income and license taxes -- approximately 96 percent of the state's net revenues collections in fiscal year 1993. This amount also does not include monies received by state agencies other than the Department of Revenue.

Table 7-1

**The Impact of the 1996 Olympics on
Net Revenues Collected by the Georgia Department of Revenue**

<u>Revenue Source</u>	<u>Revenue (\$1992)</u>
Personal Income Taxes	65,401,988
General Sales and Use Taxes	90,962,815
Selective Sales Taxes	10,721,558
Corporation Income Taxes	<u>9,296,155</u>
Total ^a	176,382,516

^a Total does not include net revenues derived from amounts collected by state agencies other than the Georgia Department of Revenue.

Source: Atlanta Committee for the Olympic Games, IRE Advisors, and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June 1995).

CHAPTER EIGHT:

OLYMPIC LEGACY

In addition to the short-term financial impacts that have been identified in this study, hosting the 1996 Games will increase the economic vitality of the state in other, less measurable, ways for decades to come. Although it is difficult to identify all the long-term impacts, the 1996 Games have been the catalyst for various legacies in and around Atlanta, as well as many other areas of the state.

The major legacies fall into three categories: 1) world class facilities; 2) national and international recognition of city and state through extensive media exposure; and 3) community benefits including local volunteerism, job creation and training, youth and education programs, funding for community development projects and cultural programs. Georgia will garner a variety of spin-off benefits from these primary legacies. For example, the enhanced reputation of Atlanta, as well as Georgia, will attract tourists, conventions, new businesses, and investment. Likewise, Georgia's new facilities will attract major sporting events for many years to come. Although the overall legacy of the 1996 Games cannot be quantified, the following chapter summarizes the three primary legacy categories as well as their secondary benefits.

FACILITIES

Many of the venues used during the 1996 Games, as listed in Table 8-1, will serve the community well into the 21st century. They include new facilities, such as the Olympic Stadium, and Georgia International Horse Park, as well as enhancements to existing facilities, such as the badminton venue at Georgia State University. In addition, many of Georgia's public and private universities will benefit from newly constructed and renovated facilities.

In addition to facilities built to host Olympic events or house athletes, other types of facilities are being developed, renovated, or expanded as a direct result of Atlanta hosting the 1996 Games. The Centennial Olympic Park, the Atlanta Convention and Visitor Bureau's new Welcome South Visitors Center, and the International Sports Plaza are examples of such projects.

Finally, there are hundreds of additional projects, scheduled for completion by 1996, that cannot be credited entirely to the 1996 Games. Many are initiatives that have been on the drawing boards for some time, awaiting the funding needed to support them, and the Olympic momentum has been catalyst for this funding. The economic impact derived from the Olympics provides sufficient seed money to make still other projects financially viable. These projects are being brought to fruition as a direct result of the excitement and financial resources generated from the Games.

OLYMPIC VENUES

Olympic Stadium

The \$189 million Olympic Stadium will be the centerpiece of the 1996 Games. The stadium will seat 85,000 during the Games-period and, afterwards, the stadium will be scaled down to 45,000 seats, for use by the Atlanta Braves. The stadium has 44 luxury suites and a stadium club overlooking the field of play. As a result of the new, debt-free stadium, the Braves are committed to remaining in the city. Atlanta will therefore continue to benefit from major league baseball's economic impact of \$200 million per season, as estimated by a Kennesaw State College study prepared for the Braves.

A free-standing Olympic Cauldron, positioned beyond centerfield, will house the Olympic flame during the 17 days of the 1996 Games. After the flame is extinguished, the Cauldron will become a permanent artistic legacy to the community.

ACOG will retire the outstanding debt on the Atlanta-Fulton County Stadium, which will be demolished after the 1996 Games. It has been proposed that the stadium's playing field be converted into a park commemorating baseball's all-time home run leader, Hank Aaron.

The Georgia International Horse Park

The Georgia International Horse Park (GIHP), located in Conyers east of Atlanta, is a 1,400 acre recreational park that will include some of the finest equestrian facilities in the nation. In addition to the equestrian and

mountain biking facilities being developed by ACOG for use during the 1996 Games, the site will include a \$15 million indoor arena seating 10,000 spectators. The Park is expected to be operational 45 weeks a year and will have the capacity to host multiple events accommodating up to 800 horses. It is estimated that the regional and national equestrian events hosted by the GIHP will generate \$90 million in economic impact to the region annually.

In addition to the equestrian center, the GIHP plans include a championship golf course designed by Arnold Palmer, a hotel and environmental education center, and a residential and commercial village development.

The Wolf Creek Shooting Complex

The \$17 million Wolf Creek Shooting Complex located on the southside of Atlanta will seat 10,000 spectators for Olympic competition. The complex features a 10m rifle/pistol range, a semi-enclosed 50m rifle/pistol range, a semi-enclosed 25m pistol range and three outdoor combined trap and skeet ranges. The facility will be a global model for the sport of shooting, attracting numerous national and international tournaments and visitors. The 100 acre complex, which was funded by ACOG, will be given to Fulton County after the 1996 Games.

Stone Mountain

A world-class tennis center with a 12,000 seat main arena, two 800 seat courts, and 13 other smaller 500 seat courts, is under construction. This tennis facility will attract a number of major tournaments in the future.

Lake Lanier Rowing Center

The development of a \$10 million rowing center at Lake Lanier will allow the region to host national and international rowing and canoe/kayak events after the 1996 Games. The permanent features of the facility include spectator seats, a finish tower, and line markers which will retract into the lake during non-competition periods. Local efforts have generated training activities and championship events to be held before and after the summer of 1996. The Gainesville/Hall County Convention and Visitors Bureau estimates the economic impact to the region for the period between 1994 and 2000 at approximately \$34 million, including the \$11.3 million impact associated with the 1996 Games.

Clayton County International Park

In early 1995, Clayton County purchased the Clayton County International Park to host the Olympic beach volleyball competition and to expand its recreational facilities. The \$7 million park is undergoing a \$3 million renovation that includes doubling the capacity of the existing 3,000 seat beach volleyball stadium.

Georgia Institute of Technology

Georgia Institute of Technology (Georgia Tech) will benefit from several Olympic-related facilities. The Olympic Village, housing 14,000 athletes and officials during the 1996 Games, will be located on Georgia Tech's campus. More than \$194 million has been spent on the construction of new

dormitories that will be used to house Georgia Tech and Georgia State University students for many years to come. ACOG contributed the initial \$47 million required for this project. The remaining portion of financing came from general obligation bonds issued by the State of Georgia. The bonds will be repaid from student rental fees and will not create an added financial burden on Georgia taxpayers.

A new \$24 million natatorium will be the site of all Olympic aquatic events. The Aquatic Center features the Olympic swimming pool, a diving pool, a water polo pool and a 14,700 seat shaded outdoor main stadium. After the 1996 Games, Georgia Tech will enjoy a first-class swimming complex, as well as permanent office and laboratory space for sports technology and sports science research programs. In addition, \$1.5 million will be spent to renovate Alexander Memorial Coliseum, the Olympic boxing venue.

Atlanta University Center

Atlanta University Center (AUC) will receive new and upgraded athletic facilities valued at \$51 million. Projects include a 6,000 seat basketball arena at Morehouse College, a tennis facility at Spelman College, a 5,000 seat stadium at Clark Atlanta University, and a 15,000 seat stadium at Morris Brown College. A drug testing laboratory will be created at Morehouse School of Medicine. AUC also will receive funds for a continuing education conference center at the Interdenominational Theological Center, as well as the establishment of a broadcast training program.

Georgia State University

The \$75 million University Apartments that are part of the Olympic Village at Georgia Tech. will house 2,000 Georgia State University (GSU) students after the 1996 Games. In addition, enhancements valued at \$2 million will be made to the GSU physical education facilities to accommodate the Olympic badminton competition.

NON-VENUE FACILITIES/COMMUNITY DEVELOPMENT PROJECTS

It would not be possible to compile a complete list of the development projects influenced by the 1996 Games. The following section highlights several of the major developments and facility upgrades which are directly attributable to the Olympics.

Centennial Olympic Park:

The \$57 million, privately funded, Centennial Olympic Park will be a gathering place and entertainment center between Olympic venues during the 1996 Games. Centennial Plaza, the showpiece of the park, will feature various artistic creations, including several which memorialize Olympic history.

As a permanent legacy to Atlanta's central business district, the 60 acre park will be reduced to 21 acres after the 1996 Games, leaving roughly 40 acres to be developed. The Park will inspire many peripheral projects, permanently transforming an under-utilized and depressed section of downtown into an economically vibrant area. There are plans for a \$50

million Holiday Inn Crowne Plaza Hotel and retail project adjacent to Centennial Olympic Park, and several companies have purchased and are renovating buildings along the Park to have a downtown presence during the 1996 Games.

Welcome South Visitors Center

The new Welcome South Visitors Center is an outgrowth of a partnership between the Atlanta Convention and Visitors Bureau and Georgia Department of Industry, Trade and Tourism. Federal and state agencies, as well as various corporate sponsors, are supporting the Center financially. The 23,000 square foot facility offers interactive displays, films, and stage productions highlighting the Southeast's commercial, recreational, and historical locations. Services include a full service travel agency, foreign currency exchange, and a multi-lingual staff. Retail shops, equipped space for visiting media, and space for lease by tourism offices from other southeastern states also are available. Before and during the 1996 Games, ACOG will provide Olympic information and sell Olympic tickets from a kiosk within this facility. It is anticipated that the center will attract a substantial portion of the 17 million visitors who come to Atlanta each year.

International Sports Plaza

The International Sports Plaza is a \$10 million state-of-the-art trade center designed to link every aspect of the international business of sport. Located in the Atlanta Apparel Mart, the complex targets sporting goods manufacturers, product developers, test marketers, agents, athletes,

promotion firms, and the sports media. During the 1996 Games, ACOG's Main Press Center (MPC) will be located in the Plaza. The MPC will serve as the headquarters for 5,000 reporters and photographers from around the world.

Renovations and Upgrades

The facility renovations and upgrades that have been initiated, partially as a result of hosting the 1996 Games, are too numerous to list individually. These projects are both public and private; they range from small business refurbishments to major renovation and expansion projects made financially viable by the economics of the Olympics. Of the hundreds of projects in process, several examples are listed below.

In 1994, the City of Atlanta constructed a new international concourse at Hartsfield Airport. In addition, an extensive renovation of the domestic terminal and concourse that will include a four-story atrium surrounded by stores, restaurants and meeting rooms is in process. The atrium project was conceived years earlier, but did not achieve approval until Atlanta won the bid to host the 1996 Games.

A foreign firm is sponsoring renovation of the Margaret Mitchell House. The house, where the author wrote *Gone with the Wind*, has been vacant since 1978. Margaret Mitchell House Inc., a non-profit organization, has pursued funds to repair the house for several years. The project is scheduled for completion in time for the company to use the property to entertain during the 1996 Games.

Another historic site, The Baptist Tabernacle, has been purchased by an Atlantan to be leased to a media consultant for staging hospitality and entertainment events during the 1996 Games. Vacant since 1991, the property includes an ornate 4,000 seat sanctuary with balconies, an office building, and two parking lots.

MEDIA EXPOSURE

Hosting the 1996 Games has resulted in increased national and international media coverage of the city and state. For example, since Atlanta awarded 1996 Games, 10 new Japanese organizations and agencies have opened offices in Atlanta. Although it is too early to measure the long-term impact of media coverage on tourism, conventions, business locations, and investment, hosting the 1996 Games has already enhanced Atlanta's reputation as one of the world's leading business cities. Since Atlanta won the bid, the list of published surveys ranking Atlanta as a top city include:

Fortune Magazine - Best Environment for Competing in Global
Economy (Atlanta Ranked #1)

Congnetics Inc. - Ten Best Places in America to Start and Grow a
Company (Atlanta Ranked #2)

World Trade Magazine - Top Ten Cities for International
Companies (Atlanta Ranked #1)

**Ernst & Young Real Estate Investor Forecast - Top Ten Leading
Real Estate Markets (Atlanta Ranked #1)**

**Lou Harris LH Research - Best Cities to Locate a New Facility
(Atlanta Ranked #1)**

**Corporate Location Magazine - Top Ten Growth Cities of the
Future (Atlanta Ranked #6)**

While hosting the 1996 Games clearly propelled Atlanta into the international spotlight as a premier location for staging sporting events, the benefits of Olympic-related media exposure reach well beyond sports. Described below are a sampling of the initiatives designed to take advantage of the media exposure resulting from the 1996 Games.

Sporting Events

In order to capitalize on its reputation as a global sports center and take advantage of new and improved athletic facilities, the Atlanta Sports Council, a division of the Atlanta Chamber of Commerce, has developed and implemented a 10-year strategic plan. The Sports Council is in the process of bidding on 24 major national championships in partnership with the Atlanta Convention and Visitors Bureau and the Georgia Dome. To date, Atlanta has been awarded the Mobile Indoor Track and Field National Championships for the years 1994 - 2004, Men's NCAA Basketball Tournament final four

round in 2002, and Men's NCAA Basketball Tournament first and second rounds in 1998. The Sports Council also is planning a campaign to attract a variety of events for less well-known sports, to take advantage of the new and improved facilities developed for the Olympics.

Other areas of the state also will benefit from Olympic-related media exposure. For example, Columbus, Georgia, host of the Olympic softball competition, hopes to capitalize on new facilities and Olympic media exposure to become the softball capital of the world. The city has renovated and expanded Golden Park, the Olympic venue and home of the Red Stixx, a minor league baseball team. In addition, eight new practice fields and a \$26.5 million multi purpose civic center have been built. These projects are not considered Olympic-related because they were funded from a sales tax increase that was approved before Columbus was chosen to host the Olympic softball competition. Columbus has already benefited from these new facilities and Olympic related media exposure. Since being awarded the Olympic competition, Columbus has been selected to host a number of collegiate and national softball tournaments.

In addition to hosting new sporting events, Georgia communities will benefit from pre-Olympic training in the months leading up to the 1996 Games. There are currently 32 teams practicing in over 20 counties across Georgia, and negotiations to locate an additional 30 teams in Georgia are in process. Communities chosen as pre-Olympic training sites will be visited by members of the national and international media covering Olympic hopefuls. This exposure coupled with the experience of hosting international

athletes and training events will enhance the ability of many Georgian communities to attract future sporting events.

Conventions and Tourism

Atlanta's tourism market has benefited from the Olympic connection. Between 1990, when Atlanta was named as the site of the 1996 Games, and 1993, overseas arrivals to Georgia surged by 78%. Domestic leisure travel to Atlanta grew by more than 35% during the same period. According to industry experts, the 1996 Games is marketing Atlanta. In partnership with international airline carriers and the state's hospitality industry, the Atlanta Convention and Visitors Bureau has hosted more than 600 international media representatives, as well as travel agents and operators from 45 countries. As a result, Atlanta is being included as a destination in travel products on a global basis. The city's new emphasis on leisure tourism also is helping Atlanta's convention and trade show business, by attracting more attendees who stay beyond the convention period.

Business Development and Initiatives

Atlanta's business community has also recognized that the 1996 Games represents a marketing tool for the state. A variety of public and private plans will capitalize on Olympic exposure.

Operation Legacy

The Governor of Georgia and several public and private entities have launched a development program called Operation Legacy. Led by Georgia

Power, this project is designed to familiarize a select group of the world's leading investors and corporations with the extraordinary economic opportunities that are unfolding in Georgia. The goals established for Operation Legacy are to stimulate the relocation of 20 major companies, to create 6,000 direct jobs and 12,000 indirect jobs, and to add \$150 million in annual payroll.

In the months leading up to the 1996 Games, Operation Legacy will host "invitation-only" VIP tours of Atlanta and Georgia. These tours are designed to excite the attendees about Atlanta's Olympic activity and impart a practical understanding of the state's aggressive plans for growth and business investment. The program will strive to present the qualities and features that have made the area one of the world's most desirable travel destinations, business centers, and corporate relocation sites.

Forward Atlanta

The Atlanta Chamber of Commerce has also undertaken a marketing campaign, Forward Atlanta, to take advantage of the momentum created by the 1996 Games. Specific goals for 1992 - 1996 include the creation of 200,000 new jobs, location of 750 new domestic firms, and establishment of 250 new international operations in the city.

Georgia Global Now

Georgia Department of Industry, Trade and Tourism received over \$8 million in funding from the Georgia General Assembly for a marketing campaign called Georgia Global Now. Running from July 1995 through June

1996, this program will be the key state funded promotion built around the 1996 Games. An extensive marketing campaign will include advertisements in air travel and business magazines, kiosk displays at international airports, and multilingual telephone information lines. As established by the Georgia Hospitality and Travel Association, the goals for the program are \$1.3 billion per year in additional tourism spending and \$.7 billion annually in additional industrial investment.

COMMUNITY BENEFITS

Many Olympic-related programs will have a positive affect on the quality of life within the community. Although the success of many of these programs cannot be measured in economic terms, their impact on individuals, groups, and the community at large is an important legacy of the 1996 Games. These programs include ACOG initiatives as well as cooperative efforts involving community groups and state and federal agencies.

Volunteerism

One of the most impressive legacies of hosting the 1996 Games is the mobilization of the Olympic Force, a group of 700,000 volunteers who contribute to various community efforts through more than 1,700 community and civic groups. The Olympic Force is intended to foster a commitment to volunteerism in Georgia and to develop a corps of committed individuals experienced in organized volunteer work, from which ACOG can draw volunteer support for the 1996 Games.

Job Creation

In regional and national studies, Atlanta ranked in first and second place related to new job growth during the last two years. Forward Atlanta announced that 223 new businesses had relocated or expanded to the metropolitan area during 1994, significantly ahead of the 153 companies reported for 1993. Companies as diverse as Parmalat, an Italian dairy, and Anderson Reynolds Sports, Inc., a firm which specializes in negotiation and arbitration for athletes, have publicly stated that the 1996 Games was a primary reason for their decision to locate in Atlanta.

Job Training

The Olympics has inspired several job training programs. A collaborative effort between Clark Atlanta University and Atlanta Olympic Broadcasting (AOB), known as the Host Broadcast Training Program (HBTP) provides college students with an opportunity to participate in the broadcast of the Games. The combination of high level training and work experience will give HBTP students a competitive edge in the national and international broadcasting job market.

The Neighborhood Job Training and Employment Program is designed to train and employ a minimum of 300 economically disadvantaged workers from Olympic venue host neighborhoods to work on the construction of Atlanta's Olympic venues. Program funding has been provided by a variety of sources including ACOG, the Atlanta Private Industry Council, the Georgia

Department of Technical and Adult Education, and the U.S. Department of Labor.

Construction Related Employment of Women (CREW) is a Georgia Department of Labor program funded by a grant from the U.S. Department of Labor. The program has trained and employed up to 100 women in construction jobs at Olympic venues. The goal of the program is to prepare women from Olympic venue host neighborhoods in downtown Atlanta for continuing employment in the construction field, after the venues are completed.

Community Improvements

The 1996 Games play an important role in securing grants for community projects from private, state, and federal sources. ACOG has assisted local applicants directly in some instances, while ACOG has participated in the process with the Metropolitan Atlanta Olympic Games Authority (MAOGA) and the Corporation for Olympic Development (CODA), and the City of Atlanta in others. ACOG has served as a liaison for these projects to federal and state agencies. Several successful community initiatives funded, in part, because of the visibility of the 1996 Games are described below.

Pedestrian Walkways

The Atlanta Regional Commission (ARC) has approved funding in excess of \$19 million for design and construction of pedestrian corridors in the central city and Atlanta University Center area. Eighty percent of the

funds required for the project will be provided by federal agencies, with the remaining 20% from local sources. These walkways will better link visitors and residents with Metropolitan Atlanta Rapid Transit Authority (MARTA) stations, the downtown district, and AUC.

Martin Luther King, Jr. Historic Site

Congress has approved \$11 million for improvements at the Martin Luther King, Jr. Historic Site, including construction of a two-story visitors' center, complete with a museum, restrooms, and Park Service Offices. The project also will provide funding to continue the renovation of the King birth home block, returning it to the way it looked when King was growing up in the 1930s. The project is scheduled to be completed before the 1996 Games.

MARTA

MARTA is an integral part of the Olympic transportation plan and has benefited from this association. As part of an effort by the Federal Transportation Administration to showcase advanced transportation technology during the 1996 Games, MARTA was awarded a \$14 million grant to purchase 72 buses powered by compressed natural gas. In addition, MARTA will put in place a \$16 million "intelligent" transportation system that includes a state-of-the-art system for transit customer information and automatic vehicle location. Eighty percent of the funds for this project are from federal sources. These new MARTA buses and the advanced technology will benefit the community for many years to come.

Metropolitan Atlanta Olympic Games Authority (MAOGA) Projects

In anticipation of the 1996 Games, MAOGA has targeted several venue impacted neighborhoods for enhancement projects. In collaboration with ACOG, Habitat for Humanity, and numerous corporations, 20 single family homes are being developed on vacant lots on Pryor Street, near the Olympic Stadium. In addition, MAOGA is assisting various community groups and organizations to acquire property for the construction of over 1,000 residential units in the City of Atlanta. The goal of MAOGA's land acquisition assistance is to enable projects which have been initiated or approved by the community to be completed before 1996 in order to fully benefit from the Olympic Games. This housing will fulfill many of the City's objectives to provide affordable in-town housing.

Empowerment Zone Grant

Atlanta was one of six communities nationwide that received a \$100 million federal "empowerment grant". ACOG participated in the grant application process. During President Clinton's speech at ACOG, he noted that the presence of the 1996 Games was a critical factor in distinguishing the City of Atlanta from other applicants for the Empowerment Zone Grant.

Youth and Education Programs

According to Billy Payne, President and Chief Executive Officer of ACOG, "Learning Olympic ideals early can mean greater success for students - not only in the classroom and on the athletic field, but in any activity they may pursue in life. Ultimately, one of the most important reasons we

participate in the Olympic Movement is to benefit and inspire our children". Designed to motivate Georgia's youth to strive for excellence, ACOG's numerous youth and education programs are lasting investments in Georgia's future leaders.

Olympic Day in the Schools, ACOG's largest youth program, is an interdisciplinary program for elementary and middle schools reaching hundreds of thousands of students from across the State. This multi-faceted program includes curriculum guides that integrate academic content from all disciplines, stimulating students' use of critical thinking, problem solving, and decision making skills. Sports training manuals educate students about less well-known Olympic sports and a speakers' bureau arranges for Olympic athletes to make informational and motivational presentations in schools.

Other Olympic-related programs that are a great benefit to Georgia's young people include the Olympic Band, made up of 250 talented young musicians and 50 flag corps members; ACOG's Dream Team, a group of 100 young people chosen each year to receive special training to promote the spirit and ideals of the Games; the International Youth Camp, a cultural exchange program which will include youth from around the world and will take place in Georgia the summer of 1996; and the Children's Olympic Ticket Fund, established to provide tickets to disadvantaged children. Although these programs will be completed by the end of the 1996 Games, their impact will last a lifetime.

Cultural

In addition to sports, the Olympic Games have been a celebration of arts and culture since their inception in ancient Greece. At the first Greek Olympic Games, poets recited verses dedicated to Olympic victors, while artists and sculptors immortalized their images. Building on this tradition, the International Olympic Committee has called for an arts and cultural festival before and during the Olympic Games. ACOG has committed its support to the most extensive Cultural Olympiad ever, a multi-year arts, cultural, and entertainment festival that culminates in an eight-week Olympic Arts Festival in the summer of 1996.

The legacy of the Cultural Olympiad as described in its mission statement is as follows: "To leave behind a legacy of new and broader audiences and to expand the vision through which Atlanta may be recognized as an international center for innovative arts, cultural and entertainment". To fulfill its mission, the Cultural Olympiad has commissioned, both independently and in conjunction with local and regional arts organizations, new symphonic works, plays, dance performances, and a number of permanent public art installations throughout the city. In addition to the tangible legacies, these collaborations have contributed to the growth of numerous arts organizations, enabling them to present cultural events that would not otherwise be possible.

Table 8-1

**Legacy of Olympic Venues
(amounts in dollars)**

<u>Facility</u>	<u>Total Investment</u>	<u>ACOG Share</u>
Olympic Stadium	\$189 Million	\$189 Million
Georgia International Horse Park	\$90 Million	\$28 Million
Wolf Creek Shooting Complex	\$17 Million	\$17 Million
Stone Mountain Tennis Center	\$18 Million	\$18 Million
Lake Lanier Rowing Center	\$10 Million	\$10 Million
Georgia Institute of Technology		
Dormitories	\$194 Million	\$47 Million
Natatorium	\$24 Million	\$21 Million
Alexander Memorial Coliseum	\$1.5 Million	\$1.5 Million
Atlanta University Center	\$51 Million	\$51 Million
Stadiums - Morris Brown College/Clarke Atl. Un.	\$37 Million	\$37 Million
Basketball Arena - Morehouse College	\$11 Million	\$11 Million
Tennis Facility - Spelman College	\$1 Million	\$1 Million
Drug Testing Center - Morehouse School of Medicine	\$1 Million	\$1 Million
Interdenominational Theological Center	\$.8 Million	\$.8 Million
Georgia State University		
Gymnasium Renovation	\$2 Million	\$2 Million
Clayton County International Park	\$3 Million	\$0
TOTAL	\$599.3 Million	\$384.3 Million

* Values shown only include portion of project budget dedicated to construction/renovation of permanent facilities.

Source: Atlanta Committee for the Olympic Games, IRE Advisors and The Selig Center for Economic Growth, Terry College of Business, The University of Georgia (June, 1995).

CHAPTER NINE:

SUMMARY AND CLOSING COMMENTS

To the extent that currently available information allows, the preceding chapters have outlined some of the economic benefits of hosting the Summer Olympic Games that will accrue to Georgia. In the simplest and broadest terms, the short-term (1991-1997) economic impact of hosting the 1996 Centennial Olympic Games on Georgia is projected at \$5.1 billion. This amount represents the impact of hosting the games on output or sales. Out of the \$5.1 billion, \$2.6 billion will be generated through ACOG's expenditures and \$2.5 billion through spending by out-of-state visitors. Hosting the 1996 Summer Olympic Games will add \$1.9 billion in earnings to the Georgia economy and over 77 thousand full- and part-time jobs. The Games should boost revenue collections by the Georgia Department of Revenue by \$176 million.

Although this study emphasizes the aggregate economic effects of hosting the Olympic Games on Georgia, those impacts originate from many individuals' decisions and actions. For example, on average, each dollar spent by an out-of-state Olympic-associated visitor generates 64 cents in earnings for Georgia residents. Similarly, for every \$30,833 in spending by visitors, one new full- or part-time job is created.

In addition to the short-term impacts, hosting the Olympic Games will have long-term impacts, often referred to as Olympic legacies. The major legacies fall into three categories: (1) the creation of world class facilities and enhancements to existing facilities; (2) national and international recognition

of city and state through extensive media exposure; and (3) community benefits including local volunteerism, job creation and training, youth and education programs, funding for community economic development projects, and cultural programs.

In short, the Olympics will provide both short-term economic impacts as well as less traceable long-term impacts. The Olympics will showcase Georgia. During the Games, Georgia will be the stage upon which many of the world's present and future leaders and decision-makers will walk. The opportunity to foster long-term business relationships will be enormous. The long-term beneficial effects on decisions regarding investment, trade, corporate relocation, government spending, convention sites, the location of major sporting events, and vacation plans will likely be among the most enduring, yet statistically untraceable, legacies of the Games.

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