



**THE ECONOMIC IMPACT OF THE
BIRMINGHAM CIVIL RIGHTS INSTITUTE
ON THE BIRMINGHAM MSA AND
THE STATE OF ALABAMA
FISCAL YEAR: JULY 2002 – JUNE 2003**

JANUARY 19, 2004

The Birmingham Civil Rights Institute (BCRI) has an enormous positive effect on the local and state-wide economy. The economic impact of the BCRI comes from two sources: expenditures by the BCRI, and expenditures by visitors to the BCRI. Over and above the direct expenditures, the BCRI provides jobs and a cycle of spending in Birmingham and throughout Alabama. This in turn results in jobs in other sectors of the Birmingham and Alabama economy.

This report is an analysis of the economic impact of the BCRI. It shows that the Institute constitutes an important source of jobs in Birmingham and is also a significant purchaser of goods and services in the Birmingham metropolitan statistical area (MSA). A large number of visitors come to the BCRI, including patrons attending the special events hosted by the BCRI. Many of these visitors stay overnight and make substantial expenditures on lodging, meals, fuel, clothes, gifts, and incidentals while in Birmingham.

From July 2002 to June 2003, over 85,000 paid visitors enjoyed the hospitality of the BCRI. These visitors spent about \$5.7 million dollars while in the Birmingham area. The BCRI itself employed about 35 staff members and spent \$1.8 million in salaries and direct purchases in the Birmingham MSA and an additional \$80,000 of purchases in other parts of the state.

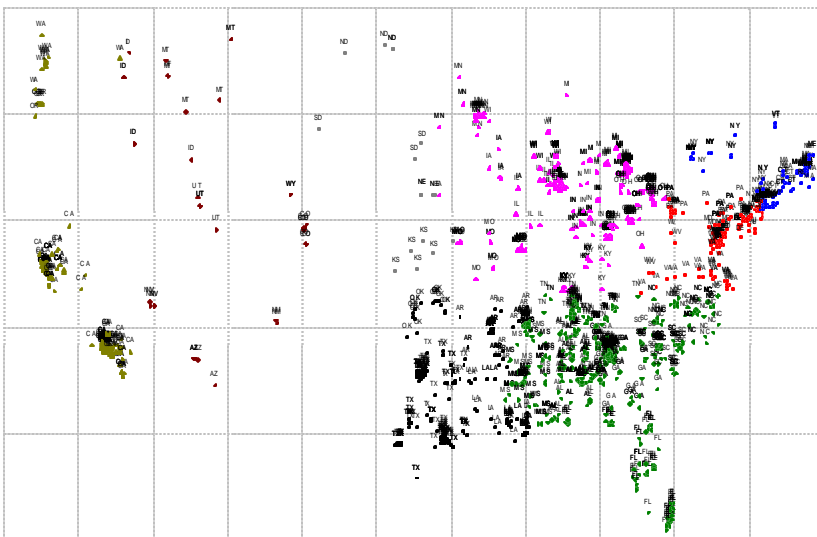
A conservative analysis of these expenditures shows that they have a ripple effect in the Birmingham and state economies. We estimate that 114 jobs are created in the state due to the redistribution of these expenditures in the state. Similarly, expenditures by visitors are received by firms in the MSA and Alabama, and their employees. 183 jobs are created in the travel and tourism industry because of the direct and indirect impact of paid visitors. From the \$7.6 million spent by the BCRI and its visitors, another \$11.2 million is spent ultimately in the MSA and the state because of the cycle of monies being re-spent on salaries, goods, and services.

VISITOR EXPENDITURES

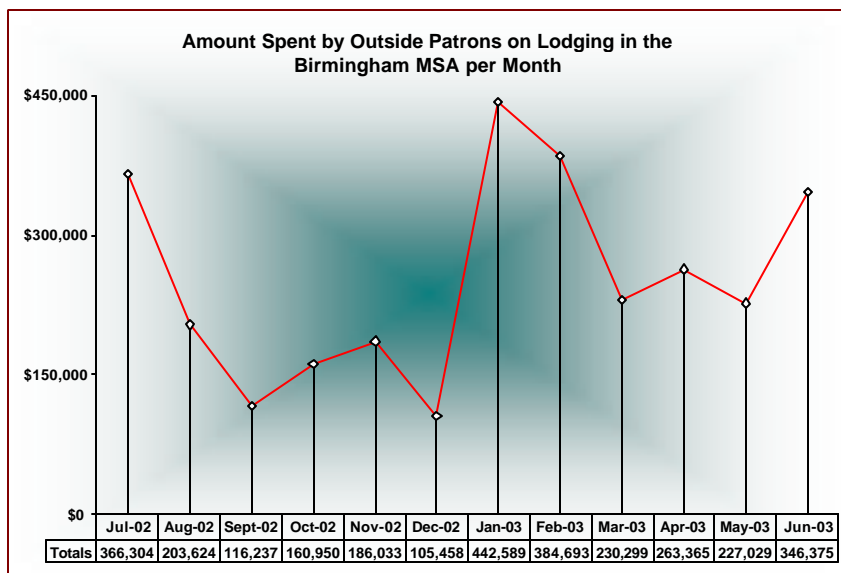
The BCRI guestbook gives information on the distribution of patrons from outside the Birmingham MSA. Combined with other sources of information, it is possible to develop a picture of how money spent by patrons of the BCRI impacts the local economy. The registries show that 36% of patrons came from inside the Birmingham MSA. From outside Birmingham:

- ✓ 12% or 10,000 patrons came from other areas in Alabama outside the Birmingham MSA,
- ✓ 48% or 41,725 patrons traveled from other states in the country, and
- ✓ 4% or 3,180 visitors came from foreign countries to visit the BCRI.

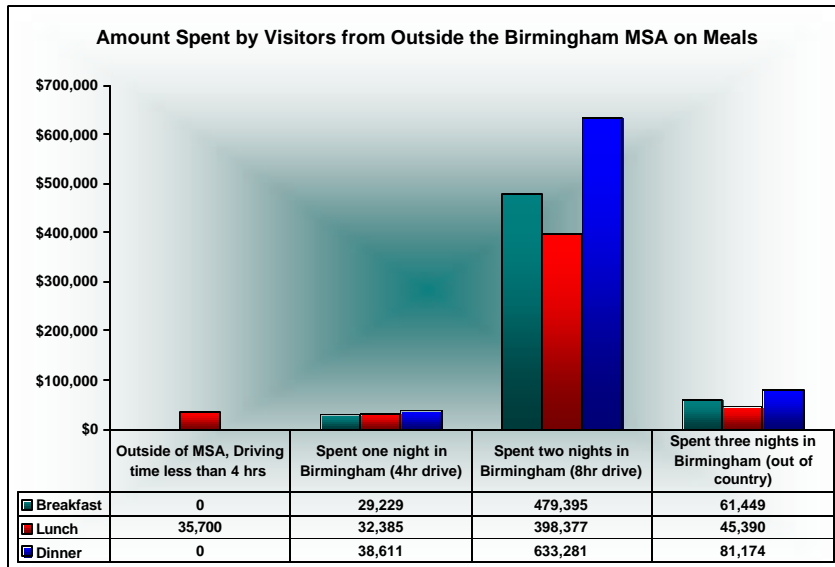
The chart below is a plot of zip code locations for contiguous states recorded in the visitor logs.



- 25,960 patrons made a one day trip to the BCRI.
- 44,900 patrons stayed at least one night.

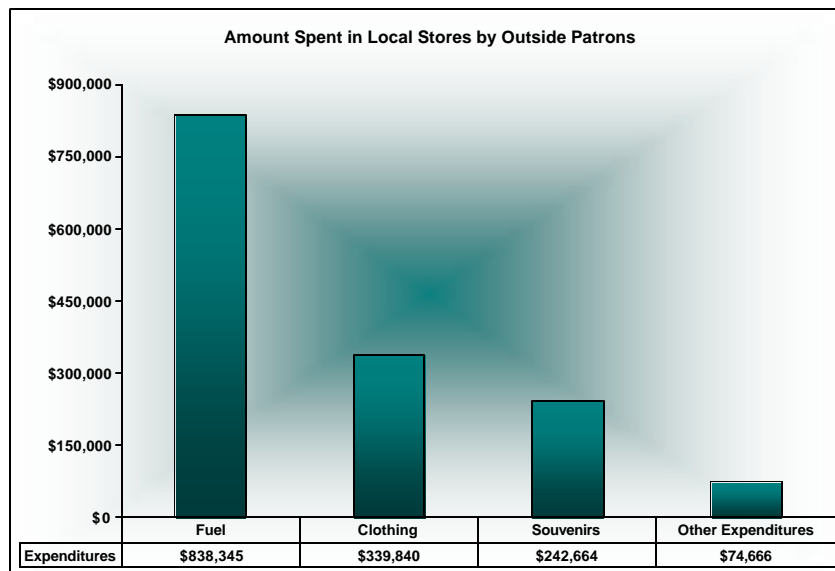


- Visitors stayed 88,450 days, an average of 1.6 days in Birmingham
- \$3,032,950 was spent on lodging, an average of \$56 per day.



➤ Patrons spent \$1,835,000 on meals while they were visiting the BCRI, about \$33 a day per person.

Fuel, clothing, souvenir, and other expenditures were factored into the total amount spent.



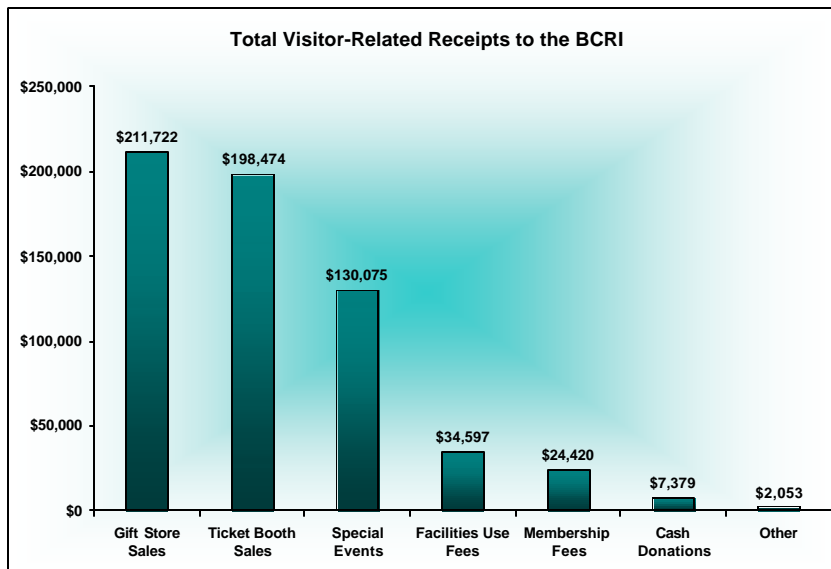
➤ Outside visitor spending in local retail stores increased sales by \$1,495,500, an average of \$27.24 per person.

Paid visitors to the BCRI spent 3.3 million dollars on meals and other expenditures. When added to lodging, the total amount of money injected into the economy by visitors is about \$6.3 million.

BCRI REVENUES

Not only does the BCRI impact the economy by bringing in outside visitors, it also has expenditures that flow through the economy. There are several ways in which the BCRI generates revenue in order to pay for these expenditures. For the fiscal year July 2002 to June 2003, the BCRI had 85,182 visitors purchase a ticket to view the Institute. The regular ticket price for a patron is \$8, but the BCRI further gives back to its community by providing guests many discounts. From the visitors who purchased tickets, the BCRI generated \$198,474 in ticket booth sales.

The BCRI has other methods of gaining revenue to create money for expenditures.



- The Gift Store generated \$211,700 in sales.
- General facilities use fees were \$32,600.
- Special occasions brought in \$130,075 in revenue, and
- Cash donations were \$7,379 in the fiscal year.

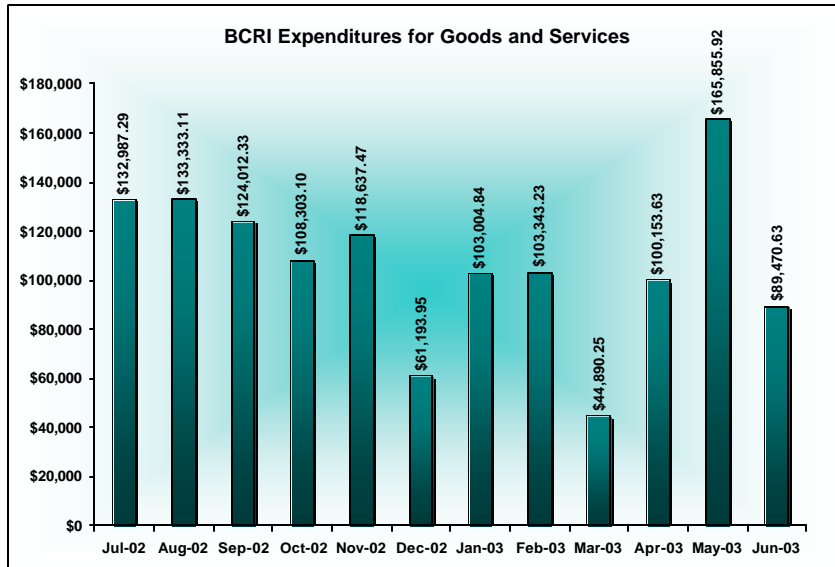
Overall, the BCRI earned approximately \$680,720 in visitor related revenues which is put back into the economy through expenditures.

The other source of income for the BCRI is donations from a variety of sources, including:

- ❖ Patrons and Private Contributions
- ❖ Corporate Pledges
- ❖ City Grants
- ❖ County Grants
- ❖ State Grants, and
- ❖ Memberships

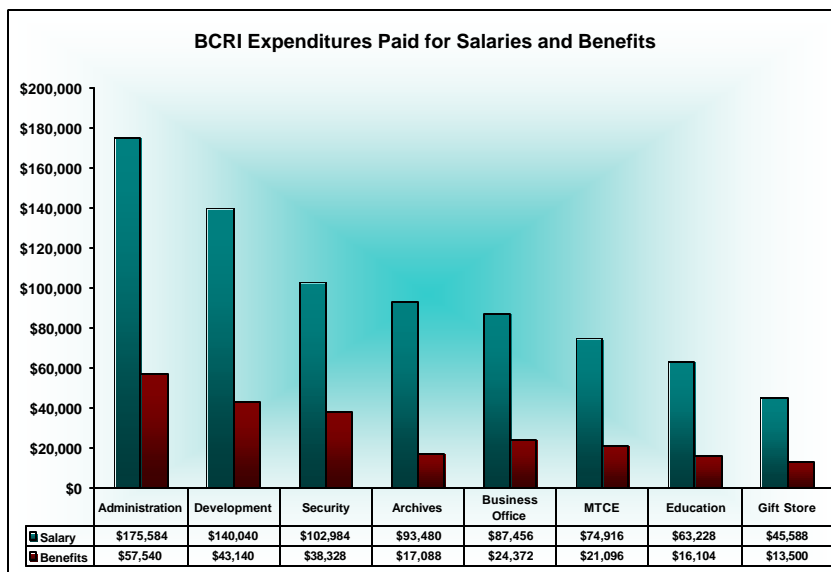
BCRI EXPENDITURES

The BCRI spent approximately \$2,272,250 for the fiscal year July 2002 to June 2003. Expenditures impact the economy in two ways. The first expenditure that results in a flow of money to the economy is money spent on goods and services.



- The BCRI purchased \$1,285,186 of goods and services during the fiscal year.

The second expenditure that has a positive impact on the economy is money paid in salaries.



- The BCRI paid out \$783,276 in salaries and \$231,168 in benefits for labor resulting in a total of \$1,014,444 for the fiscal year.
- The BCRI employs around 36 individuals.

Combining these two inputs, the BCRI is responsible for \$2.3 million flowing through the economy. The BCRI also benefits from the contribution of the time and services from 177 volunteers. Although there is additional spending in neighborhood businesses by volunteers, any impact is likely to be minimal.

EXTENDED IMPACTS

Salaries paid and purchases made by the BCRI and purchases by visitors lead to job creation and the flow of new monies throughout the local and state economy. Salaries paid by the BCRI to local staff are spent on goods and services in Birmingham, in the balance of the state, and for goods and services outside of Alabama. Visitors make similar expenditures. At the same time, Birmingham firms receiving monies from the BCRI are spending on salaries, goods and services in Birmingham, and goods and services in the rest of the state. We refer to this as re-spending; it is also known as a multiplier effect.

BCRI Extended Impact

Table 1: BCRI Expenditures and Re-Spending Effects on Alabama Economy

	BCRI Expenditure	Re-Spending Impact Plus Carryover	Total
Salaries in MSA	\$1,014,444	\$707,523	\$1,721,967
Goods & Services in MSA	\$816,993	\$1,652,302	\$2,469,294
Salaries in Alabama (not MSA)	\$0	\$186,049	\$186,049
Goods & Services in Alabama	\$80,067	\$572,569	\$652,636

Visitor Extended Impact

Table 2: Paid Visitor Expenditures and Re-Spending Effects on the Alabama Economy

	Visitor Expenditure	Re-Spending Impact Plus Carryover	Total
Salaries in MSA		\$2,786,050	\$2,786,050
Goods & Services in MSA	\$5,727,110	\$3,994,367	\$9,721,477
Salaries in Alabama (not MSA)		\$298,420	\$298,420
Goods & Services in Alabama		\$1,050,350	\$1,050,350
			\$13,856,297

If we adhere to the same assumptions made in the previous section, we find that visitors directly spend approximately \$5.7 million per year visiting Alabama, Birmingham, and the BCRI on lodging, meals, and incidentals. The multiplier effect indicates that an additional \$12.4 million is cycled through the MSA because of expenditures, and an additional \$1.2 million has an impact on salaries and expenditures throughout the rest of the state.

IMPACT ON JOB CREATION IN BIRMINGHAM AND ALABAMA

Using the dollar amounts reported in the previous section, expenditures translate into additional jobs in Birmingham and Alabama.

Direct expenditures by the BCRI and visitors support the staff at the BCRI and at the hotels, restaurants, and shops frequented by the visitors to the BCRI. There are approximately 35 staff positions at the BCRI, and the direct expenditures by visitors would support approximately 183 jobs in the MSA and state.

The additional amounts spent in Birmingham and in the state (due to re-spending) also would lead to new job creation. Using the values reported above, we would expect to see new jobs created in Birmingham and in Alabama at the rates reported in Table 3 below.

Table 3: New Jobs Created in Birmingham and Alabama as a Result of Re-spending

	Amount Due to Re-spending	Average Annual Income	Jobs Created
BCRI Direct Hires			35
Hires Due to Visitor Expenditures			183
<i>Impact Due to Re-spending of BCRI Expenditures</i>			
Salaries in MSA	\$707,523	\$35,795	20
Salaries in Alabama (not MSA)	\$186,049	\$31,173	6
<i>Impact Due to Re-spending of Visitor Expenditures</i>			
Salaries in MSA	\$2,786,050	\$35,795	78
Salaries in Alabama (not MSA)	\$298,420	\$31,173	10
Total Jobs			332

SUMMARY OF EXPENDITURE INFORMATION

	Visitor Expenditure	BCRI Direct Expenditures	Visitor Expenditures Re-Spent	BCRI Expenditures Re-Spent	Total
Salaries in MSA		\$1,014,000	\$2,786,000	\$708,000	\$4,508,000
Goods & Services in MSA	\$5,727,000	\$817,000	\$3,994,000	\$1,652,000	\$12,190,000
Salaries in Alabama (not MSA)		\$0	\$298,000	\$186,000	\$484,000
Goods & Services in Alabama		\$80,000	\$1,050,000	\$573,000	\$1,703,000
Total	\$5,727,000	\$1,911,000	\$8,128,000	\$3,119,000	\$18,885,000

PREPARATION OF THIS REPORT

This report was prepared by Analytic Focus_{LLC} , a consulting firm specializing in financial, economic, and statistical analysis for companies and Federal and state agencies.

The model designed for this study uses the I-O methodology combined with multipliers calculated by Analytic Focus to estimate the direct, indirect, and induced economic impact of the BCRI on the local and state economies. Furthermore, the model incorporates information from several resources, including data from the BCRI as well as data from the Economic Impact Study of the Alabama Travel Industry 2002 released on April 15, 2003.

Questions can be directed to the authors at the address below.



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