

Economic Impact of the Columbia Theatre

2004 Year

Introduction

Ever since the renovated Columbia Theatre opened in downtown Hammond, it has provided an important venue for cultural and civic activities. These activities create a significant economic impact that benefits the local and regional community. The purpose of this report is to analyze the economic impact of the Columbia Theatre using a standard procedure known as the Input- Output analysis.

Input- Output Method

According to the Input- Output method each product or service is comprised of inputs from other industries that provides the goods and services needed to produce the item. The product or service of each industry also serves as inputs to other industries. As a result of this intertwined relationships, each economic activity produces a ripple effect throughout the entire economy. The U. S. Department of Commerce has developed tables that estimate the impact of the expenditure of each dollar on a product or service, which incorporate all direct and indirect economic activities that ensue from the initial purchase. These data are available at the national, state and regional level. This analysis uses the Input- Output table for the Northshore parishes, which include the Tangipahoa Parish, to estimate economic impact of the Columbia Theatre.

The Analysis

In addition to paying for the cultural events staged at the Columbia Theatre the participants spend additional money on items such food, drinks, souvenirs, gasoline etc. Those who participated in the non-ticketed events also spend money on food, drinks and other items. In order to compute the total expenditures associated with the events at the Columbia Theatre we considered the direct revenue for the theatre as well the additional amount spent by the participants of the events organized at the theatre.

Direct Revenue

The revenue attributed to the Columbia Theatre is the sum of ticket sales, rental income and grants. The total revenue for 2004 was approximately \$327,587.

According to the Input Output method, each dollar of direct expenditure generates additional expenditures throughout the economy. The total of all expenditures is known as the multiplier for the area. According to the Input Output table provided by U. S. Department of Commerce the multiplier for theatre related events in the northshore

region is 1.65. In other words, each dollar spent on these events produced a 1.65-dollar of economic activity in the region. This resulted in a total impact of \$504,519 from the first round of expenditures.

Another measure of the impact of an economic activity is the amount of income generated in the community as a consequence of the initial expenditure. The earnings due to direct theatre revenues were estimated to be \$186,725.

Auxiliary Expenditures

A survey of 250 groups of individuals at ticketed events depicted that each person spent an average of \$15.08, not including admission tickets. The administrators at Columbia Theatre estimate that most of the participants at the non-ticketed events and those organized by the renters also spent a comparable amount in association with the events. The total number of participants in 2004 that belong in this category was 38,709. Consequently, the total auxiliary expenditure was estimated to be \$583,732

A national survey of theatre related events attributed 50 percent of the auxiliary expenditures to food and drinks. We estimated that 60 to 70 percent of the expenditures were for these items. Based on this assumption, we estimated the multiplier for the auxiliary expenditure to be 1.78, which resulted in a total impact of \$1,039,043 for these expenditures

The earnings impact for this category was estimated to be \$321, 053

Total Impact

The total direct expenditures including those related to the theatre and auxiliary expenditures \$991,319

Total economic impact due to all the activities associated with the theatre added to \$1,543,562

The earning impact from all sources amounted to \$507,778

The economic impact of the direct as well as auxiliary expenditures is summarized in Table 1.

Conclusion

Our analysis shows that the Columbia Theatre has not only provided an exquisite venue for many cultural and civic events, it has had a significant impact on the area economy. The economic significance of this facility is likely to grow in the future.

Table 1
Economic Impact of the Columbia Theatre

A. Revenue from tickets, rental and grants	\$327,587	
Direct and indirect Impact of the expenditures based on revenues collected		\$ 504,519
Earnings impact of revenues collected		\$186,725
B. Auxiliary expenditure direct and indirect expenditures.	\$583732	
Direct and indirect impact of the Auxiliary expenditures		\$1,039,043
Earnings impact of auxiliary Expenditures.		\$321,053
C. Total direct expenditures	\$911,319	
Total economic impact based on Direct and indirect expenditures.		\$1,543,562
Total earnings impact from all expenditures		\$507,778