

CALIFORNIA'S FAIRS:
STRIKING GOLD
AT THE
SCHOOLS INVOLVEMENT FAIR

Governor Gray Davis, State of California
California Department of Food and Agriculture
Division of Fairs and Expositions

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ECONOMIC IMPACTS: AT THE ASSAYER’S OFFICE

Overall impact on the county of spending by all participants at the fair resulted in \$337,577, created seven jobs and generated \$242,403 in personal income for residents of Los Angeles County, California.ⁱ

Economic impacts presented in this report are local in nature and are for Los Angeles County only. Economic impacts presented in *Fairs: Exploring a California Gold Mine* are for the state of California. Since the impact areas of the two studies are different, the results are not directly comparable.

Fair organizational impacts are summarized in Table 1, which includes ripple effects but excludes direct spending by attendees.ⁱⁱ Direct attendee spending is excluded so that economic impacts produced solely by the fair organization can be examined.

Table 1

Total Economic Impacts – Schools' Involvement Fair

Spending by Fair Organization	\$320,939
Personal Income Generated	\$238,343
Local Taxes Generated	\$2,192
Employment (FTE Jobs) Created	7

AGRICULTURE: THE GOLD NUGGET OF THE FAIR

Junior Livestock Program

A central feature of the fair is to educate people about the importance of agriculture in California. Ninety-four percent of fairgoers felt that they knew more about agriculture after going to the fair. The fair's junior exhibit program is a learning laboratory that makes agricultural education come to life. The program gives young people an opportunity to demonstrate new knowledge, compete and be rewarded by ribbons and prize money.

Judged Exhibits

During the 2002 season, the fair judged 3,094 exhibits, resulting in \$28,077 in premiums paid to fair participants. Of this total, the fair judged 656 agricultural exhibits, including 656 floricultural exhibits. This variety of exhibits demonstrates the fair's success in providing agricultural programming that both entertains and educates the public.

PROVIDING SERVICES TO A GOLDEN INDUSTRY

Commercial Exhibitor Economic Impacts

Economic impacts of commercial exhibitors are sizeable. Commercial exhibitors purchase goods for resale, exhibit materials, hire local labor, stay in hotels, and eat in restaurants. Table 2 summarizes the total economic impacts of commercial exhibitors on the county. With the exception of attendee spending and taxes, data summarized in this table includes ripple effects.

Table 2

Total Economic Impacts – Commercial Exhibitors

Attendee Direct Spending on Commercial Merchandise	\$6,782
Spending by Commercial Exhibitors	\$3,841
Personal Income Generated	\$1,317
Local Taxes Generated by Attendee Spending	\$153
Local Taxes Generated by Commercial Exhibitor Spending	\$50
Employment (FTE Jobs) Created	0

Combined economic impact of spending by commercial exhibitors plus attendee spending on commercial merchandise generated \$10,623. It represents 3 percent of total economic impact in the county of \$337,577.

Entertainer Economic Impacts

Entertainers purchase costumes and materials, sound and lighting equipment, hire local labor, stay in hotels, and eat in restaurants. Economic impacts of entertainers on the county are summarized in Table 3. With the exception of attendee spending and taxes, data summarized in this table includes ripple effects.

Table 3

Total Economic Impacts – Entertainers

Spending by Entertainers	\$2,882
Personal Income Generated	\$2,256
Local Taxes Generated	\$34
Employment (FTE Jobs) Created	0

ATTENDEES: A GOLDEN TREASURE FOR THE FAIR

The fair draws people and the various communities comprising the county together. Table 4 provides a comparison, in terms of county population and annual fair attendance.

Table 4

Comparison of Attendance to Population

	County Population/1	Annual Fair Attendance
Schools' Involvement Fair	9,802,800	6,000

1/ California Department of Finance, *California County Profiles*.

Attendee Demographics and Visit Characteristics

Table 5 compares the household income of fairgoers, based on a random survey of attendees, to that of Californians as a whole. This data demonstrates the economically diverse population served by the fair.

Table 5

Household Income of Fair Attendees

Household Income	Fair Attendee Percentage	California Household Percentage/1
Under \$25,000	20.0%	24.6%
\$25,000 to \$50,000	32.0%	26.4%
\$50,000 to \$75,000	24.0%	18.8%
Over \$75,000	18.0%	30.2%
No Response	6.0%	--

1/ U.S. Census Bureau, *2001 Supplementary Survey Profile, California*.

Table 6 presents additional demographic information on fair attendees. The average visitor attends the fair 1.6 times per year and lives within 100 miles.

Table 6

Attendee Survey, Visit Characteristics

Number of Times Attended Fair

1-3 times	98.0%
More than 3 times	2.0%
Average Attendance Frequency	1.6 Visits

Round Trip Mileage of Trip to Fair

Under 100 miles	95.8%
Over 100 miles	4.2%
Median mileage	35.0 Miles

ECONOMIC IMPACTS: AT THE ASSAYER'S OFFICE

Direct Spending and Employment

KPMG engaged in an extensive data collection effort to acquire information on direct spending and employment of the various economic actors in the fair industry and at the fairgrounds. Details on concepts, data sources, data limitations, and methods and assumptions appear in the statewide impact study titled *Fairs: Exploring a California Gold Mine*.

Fair Organization

The fair organization pays employees, and spends on exhibits, entertainers and publicity. Table 7 provides annual totals and percentages for the fair organization by type of spending. It should be noted that the table solely reflects direct spending.

Table 8 shows direct employment (headcount) of permanent and temporary workers of the fair organization on an annual basis. The striking feature of the fair employment profile is a heavy reliance on temporary workers.

Table 7

Fair Organization Direct Spending

Category	Annual	Percent of Total
Compensation – Permanent Employees	\$126,976	47.1%
Compensation – Temporary Employees	\$27,151	10.1%
Non-labor Administration	\$23,798	8.8%
Non-labor Maintenance	\$36,364	13.5%
Capital Expenditures	\$0	0.0%
Entertainers	\$9,150	3.4%
Exhibits	\$9,351	3.5%
Premiums	\$29,637	11.0%
Publicity	\$7,401	2.7%
Total	\$269,828	100.0%

Table 8

Fair Organization Direct Employment

Category	Annual	Percent of Total
Temporary Employees	10	80.0%
Permanent Employees	3	20.0%
Total	13	100.0%

Attendees

Fair attendees pay for admissions and parking. They make purchases from commercial exhibitors, pay for outside meals and hotels, and also spend on exhibit preparation and costumes

when participating in judged activities. Table 9 provides estimates of direct attendee spending by category.

Table 9

Attendee Direct Spending

Category	Total
Commercial Exhibitors	\$6,782
Admissions	\$0
Offsite Dining and Hotel	\$984
Exhibit Preparation and Other Retail	\$870
Parking	\$0
Total	\$8,636

Thus, the fair is a powerful economic engine harnessed by the fair organization.

Fair-Related Businesses

Fair-related businesses pay employee compensation as well as employee food and lodging. They rent fair space; pay taxes; buy insurance, permits, motor fuel and a wide variety of other materials and supplies. The following tables display estimated spending by category for commercial exhibitors and entertainers.

It should be noted that these tables display estimated direct spending by fair-related businesses in the county only. Also, this report treats fair organization and allied businesses as one industry, therefore any commission or fee paid to the fair is excluded from these tables to avoid double counting.

Table 10

Commercial Exhibitor Direct Spending

Category	Total	Percent of Total
Compensation – Permanent	\$150	6.4%
Compensation – Temporary	\$454	19.2%
Cost of Goods Sold	\$924	39.2%
Misc. Materials and Supplies	\$41	1.7%
Motor Fuel	\$35	1.5%
Offsite Dining and Hotel	\$471	20.0%
Taxes and Fees	\$6	0.3%
Other	\$278	11.7%
Total	\$2,359	100.0%

Table 11

Entertainer Direct Spending

Category	Annual	Percent of Total
Compensation – Permanent	\$1,057	52.9%
Compensation – Temporary	\$519	26.0%
Misc. Materials and Supplies	\$31	1.6%
Motor Fuel	\$51	2.6%
Offsite Dining and Hotel	\$249	12.5%
Other	\$92	4.4%
Total	\$1,999	100.0%

Economic Impacts

Table 12 presents the overall economic impact of spending by all participants, which equals the total economic impact on the county of \$337,577 in 2002. Estimated total economic impacts from fairtime activities are \$337,576. The fairtime spending impact of the fair organization totals \$320,938. Fairtime spending impact of commercial exhibitors totals \$10,623.

Table 13 shows total impact on the income of county residents. Estimated total income generated by attendee, fair organization and fair-related business spending totaled \$242,403, with \$156,307 in direct income and another \$86,096 in ripple effect. The fair organization is an important contributor of income creation, accounting for 98.4 percent of total income impact.

Spending, income and jobs created by the fair organization also created tax revenues for local governments. Table 15 details total tax collections by the economic participants. Total direct taxes collected by local governments from the fair were \$251. In combination with ripple effect tax impacts of an additional \$2,229, local governments collected an estimated \$2,480 in tax revenues in 2002.

Local sales taxes collections totaled \$2,416, transient occupancy tax collections totaled \$58 and possessory interest and other tax collections totaled \$6. These tax collections demonstrate the importance of the fair as a strong and reliable tax base.

Table 12**Estimated Economic Impacts – Fairtime Spending/1**

Category	Attendee Direct Spending	Business Direct Spending Impacts/2	Indirect and Induced	Total/3
<u>Fairtime Spending</u>				
Fair Organization	\$0	\$269,828	\$51,110	\$320,938
Commercial Exhibitors	\$6,782	\$2,359	\$1,482	\$10,623
Entertainers	0	\$1,999	\$883	\$2,882
Offsite Hotel and Dining	\$984	0	\$747	\$1,731
Offsite Retail	\$870	0	\$532	\$1,402
Total Fairtime	\$8,636	\$230,576	\$98,364	\$337,576

1/ This table incorporates direct expenditures as detailed in Tables 7, 10 and 11., along with estimated additional indirect and induced expenditures from the economic impact model.

2/ Indirect impacts are those second and later rounds of business spending that occur throughout the supply chain. Induced impacts are a result of personal consumption expenditures by employees of the fair organization and suppliers.

3/ Total impacts are the sum of direct, indirect and induced impacts.

Table 13**Annual Estimated Income Impacts**

Category	Direct Income	Indirect and Induced Impacts	Total	Percent of Total
Fair Organization	\$154,128	\$84,215	\$238,343	98.4%
Commercial Exhibitors	\$603	\$714	\$1,317	0.5%
Entertainers	\$1,576	\$680	\$2,256	0.9%
Offsite Hotel, Dining, Retail	0	\$487	\$487	0.2%
Total	\$156,307	\$86,096	\$242,403	100.0%

Table 14**Annual Estimated Employment Impacts (FTE Jobs)**

Category	Direct Employment	Indirect and Induced Impacts	Total	Percent of Total
Fair Organization	4	3	7	100.0%
Total	4	3	7	100.0%

Table 15

Annual Estimated Tax Impacts

Category	Direct Taxes	Indirect and Induced Tax Impacts	Total
Local Sales Tax	\$187	\$2,229	\$2,416
Transient Occupancy	\$58	0	\$58
Possessory and Other	\$6	0	\$6
Total	\$251	\$2,229	\$2,480

Future Impacts

Impact of the Schools' Involvement Fair in future years is ultimately tied to the scale of the fair. With the primary impacts being generated by attendee and fair organization spending, impacts for future years may be estimated from values based on these indicators. Two reliable measures are total attendance and total operating expenditures.

Based on this analysis, and giving these two factors equal weight, the formulas for estimating impacts of the fair organization in future years are as follows:

- **Spending** – Fair attendance times \$28.13 plus total fair organization operating expenditures times \$0.70.
- **Income** – Fair attendance times \$20.20 plus total fair organization operating expenditures times \$0.50.
- **Employment** – Fair attendance times 0.00058 plus total fair organization operating expenditures times 0.00001.

The following two tables present examples for calculating future impacts. Formulas presented in this section may be used to estimate future economic impacts of the Schools' Involvement Fair by substituting estimates of fair attendance and fair organization operating expenditures. Note that total economic impacts presented in Table 12 are replicated by applying the formulas below.

Table 17 shows a hypothetical example if total attendance were 10,000 and total operating expenditures were \$300,000.

Table 16

Impact Calculation – Illustrative Example 2002

	Fair Attendance	Operating Expenditures	Total Impact Estimate
2002 Value	6,000 (A)	\$240,698 (B)	
Spending Factor	\$28.13 (C)	\$0.70 (D)	
Spending Impact	\$168,788 (AxC)	\$168,788 (BxD)	\$337,577
Income Factor	\$20.20 (E)	\$0.50 (F)	
Income Impact	\$121,201 (AxE)	\$121,201 (BxF)	\$242,403
Employment Factor	0.00058 (G)	0.00001 (H)	
Employment Impact	3 (AxG)	3 (BxH)	7

Table 17**Impact Calculation – Illustrative Example, Hypothetical Future Year**

	Fair Attendance	Operating Expenditures	Total Impact Estimate/1
Future Value	10,000 (A)	\$300,000 (B)	
Spending Factor	\$28.13 (C)	\$0.70 (D)	
Spending Impact	\$281,314 (AxC)	\$210,374 (BxD)	\$491,688
Income Factor	\$20.20 (E)	\$0.5012 (F)	
Income Impact	\$202,002 (AxE)	\$151,062 (BxF)	\$353,065
Employment Factor	0.00058 (G)	0.00001 (H)	
Employment Impact	6 (AxG)	4 (BxH)	10

1/ If impacts are estimated over a future period in which inflation has been a significant factor relative to 2002, the spending factor and income factors applied to attendance (\$28.13 and 20.20, respectively) should be adjusted upward proportionally by the percentage increase in the consumer price index. The employment factor applied to operating expenditures (0.00001) should be adjusted downward proportionally by the same percentage.

SOCIAL AND CULTURAL IMPACTS: GIVING BACK

Social and Cultural Exhibits

While the economic impact of the fair is remarkable, it is the social and cultural impacts that may leave the most lasting impression on Californians. The fair entertains, but it also educates people about each other and the contributions that all segments of our society make to the local community and the Golden State. The fair provides a focal point for community members to celebrate their heritage, compete in a variety of events, hold family reunions, display and view artwork, learn about other cultures, premier new inventions, and showcase the best of California.

In a random survey of attendees, guests were asked whether or not they saw worthwhile exhibits and if they attended exhibits that informed them about valuable public or community services. Notably, 96 percent of those surveyed agreed that the fair provided worthwhile community benefits.

Attendees were also asked about their viewpoints regarding the social and cultural desirability of fair exhibits. Views on the most worthwhile attractions were fairly evenly distributed across various types of exhibits, as shown in Table 18.

Table 18

Attendee Viewpoints Regarding Exhibits

Attended Worthwhile Exhibits That...	Yes	No	Uncertain
Provided a venue for getting together with family and friends?	88.0%	10.2%	1.8%
Provided other instructional or educational value?	70.2%	22.5%	7.3%
Displayed artwork?	82.9%	12.3%	4.8%
Increased awareness of cultural activities in community?	59.2%	32.1%	8.7%
Provided information about public or community services?	71.3%	21.4%	7.3%
Increased awareness of charitable organizations?	54.1%	35.5%	10.4%

Conclusion

The economic and social impacts presented in this report demonstrate that the Schools Involvement Fair is an economic and social gold mine for residents of Los Angeles County.

ⁱ For a detailed discussion of the methodology employed in this study, refer to Appendix B of *Fairs: Exploring a California Gold Mine*.

ⁱⁱ The term “ripple effects,” as used throughout this report, refers to direct spending of fair industry participants along with estimated additional indirect and induced spending using the economic impact model. Indirect impacts are those second and later rounds of business spending that occur throughout the supply chain. Induced impacts are a result of personal consumption expenditures by employees of fair organizations and suppliers. Total impacts are the sum of direct, indirect and induced impacts.