



PREPARED FOR  
American Evolution 2019 Commemoration



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# ECONOMIC IMPACT OF 2019 FIRST HALF EVENTS OF THE 2019 COMMEMORATION IN VIRGINIA

# Contents

1. EXECUTIVE SUMMARY .....	1
2. BACKGROUND .....	4
3. METHODOLOGY .....	5
3.1. ESTIMATING THE DIRECT IMPACT OF 2019 FIRST HALF EVENTS.....	5
3.1.1. Direct Commemoration Spending .....	5
3.1.2. Direct Visitor Spending .....	5
3.2. ESTIMATING TOTAL ECONOMIC IMPACT .....	6
3.3. DATA COLLECTION.....	7
4. ECONOMIC IMPACT OF 2019 FIRST HALF EVENTS .....	8
4.1. EVENTS IN THE FIRST HALF OF 2019 .....	8
4.2. ECONOMIC IMPACT OF AE2019 COMMEMORATION SPENDING .....	9
4.2.1. Economic Impact of AE2019 Operational Spending.....	9
4.2.2. Economic Impact of AE2019 Grants and Event Spending.....	10
4.2.3. Commemoration Spending Impact Summary for 2019 First Half Events.....	10
4.3. ECONOMIC IMPACT OF VISITOR SPENDING .....	11
4.4. ECONOMIC IMPACT SUMMARY OF 2019 FIRST HALF COMMEMORATION EVENTS .....	12
5. FISCAL IMPACT .....	13
5.1. STATE FISCAL IMPACT.....	13
5.2. LOCAL FISCAL IMPACT.....	14
6. OTHER IMPACTS.....	15
7. SUMMARY.....	16
APPENDIX 1: IMPACT ANALYSIS GLOSSARY ...	17
APPENDIX 2: PARTNER SURVEY REPORT .....	18
A2.1. METHODOLOGY .....	18
A2.2. PARTNER EVENT ATTENDANCE.....	18
A2.3. PARTNER EVENT SPENDING .....	18
A2.4. SURVEY INSTRUMENT .....	18

# 1. Executive Summary

In 2013, the Virginia General Assembly established the 2019 Commemoration as the executive branch agency to celebrate the 400th anniversary of several landmark events in Virginia's history, including:<sup>1</sup>

- The first representative legislative assembly in the New World
- The first recorded Africans to English North America
- Recruitment of English women in significant numbers
- Precedent for America's first Thanksgiving
- The entrepreneurialism and innovation of the Virginia Colony

Those events have shaped the democratic process, historic traditions, cultural diversity, and entrepreneurial spirit of America,<sup>2</sup> and are the starting points for the evolution of America that continues to this day (American Evolution or AE™).

The 2019 Commemoration is a multi-year endeavor that involves many partners, local jurisdictions, and state agencies. Commemoration events have taken place since 2016, with several signature events planned for 2019. The commemoration programs will have a wide-ranging impact in Virginia.

American Evolution 2019 Commemoration (AE2019) contracted Chmura Economics & Analytics (Chmura) to prepare a series of reports highlighting the economic impact of the 2019 Commemoration in Virginia. This report analyzes commemoration activities taking place in the first half of 2019 from January to June (2019 First Half events). Spending to organize the events, as well as visitor spending in Virginia, contributed positively to the Commonwealth's economy in terms of sales, jobs, and tax revenue. The economic impact of 2019 First Half

events of the 2019 Commemoration is summarized below:

**More than 920,000 individuals participated in various commemoration events in Virginia in the first half of 2019.**

- An estimated 542,687 individuals participated in events organized by AE2019 or its strategic partners (AE2019 events).
- An estimated 380,129 individuals attended events related to the 2019 Commemoration organized by AE2019 grant recipients and other partners (partner events).

**Commemoration spending for the events generated an estimated \$13.4 million in economic impact (direct, indirect, and induced) in Virginia in the first half of 2019.**

- The estimated total spending for commemoration events was \$6.9 million.<sup>3</sup> Of that total, \$1.7 million is the operational and administrative spending by AE2019 as an agency, while \$5.2 million is the estimated spending directly spent to organize 2019 First Half events, through AE2019 grants and direct event spending.
- The total economic impact of AE2019 operations, grants, and event spending is estimated to be \$13.4 million. This includes direct spending as well as indirect and induced spending. Total spending for commemoration events supported 129 jobs in Virginia in the first half of 2019.

**Spending by visitors to the 2019 Commemoration events generated an estimated \$45.5 million in economic impact (direct, indirect, and induced) in Virginia in the first half of 2019.**

- An estimated 922,816 people attended events associated with the 2019 Commemoration in the first half of 2019.

<sup>1</sup> In this report, the 2019 Commemoration, AE2019 Commemoration, or simply the Commemoration, refers both to the agency established by the General Assembly as well as the series of events. Other names for the agency are American Evolution 2019 Commemoration and AE2019.

<sup>2</sup> Source: <https://www.americanevolution2019.com/>.

<sup>3</sup> Total spending includes AE2019 events and partner event spending, where sources of funding include grants from AE2019 and other organizations. This is collectively referred to as AE2019 grants and event spending. In addition, AE2019's daily operations are essential to the success of both AE2019 events and partner events. As a result, AE2019 operational spending is also included in the analysis.

The direct spending attributable to the 2019 Commemoration is estimated to be \$27.3 million in Virginia.

- The total economic impact of visitor spending is estimated to be \$45.5 million in the first half of 2019. Visitor spending also supported 465 jobs in Virginia (direct, indirect, and induced).

**Combining commemoration spending and visitor spending, total economic impact of the events is estimated to be \$58.8 million (direct, indirect, and induced), supporting 602 jobs in Virginia in the first half of 2019.**

- The state received an estimated \$1.9 million in tax revenue from the commemoration events staged in the first

half of 2019. Local government tax revenue is estimated to be \$1.3 million in the first half of 2019.

Table 1.1 summarizes the economic and fiscal impact of the 2019 Commemoration events in the first half of 2019 in Virginia.

**Table 1.1: Economic Impact Summary of 2019 First Half Events of the 2019 Commemoration in Virginia**

	Virginia Attendance	Direct Spending (\$Million)	Total Economic Impact (\$Million)	State Tax Revenue	Local Tax Revenue
<b>Commemoration Spending</b>		<b>\$6.9</b>	<b>\$13.4</b>	<b>\$163,365</b>	<b>\$25,228</b>
AE2019 Operations		\$1.7	\$3.2	\$59,972	\$5,216
Grants & Event Spending		\$5.2	\$10.2	\$103,393	\$20,013
<b>Visitor Spending</b>	<b>922,816</b>	<b>\$27.3</b>	<b>\$45.5</b>	<b>\$1,727,092</b>	<b>\$1,313,164</b>
AE2019 Events	542,687	\$22.8	\$37.9	\$1,435,135	\$1,050,408
Partner Events	380,129	\$4.5	\$7.5	\$291,957	\$262,756
<b>Total 2019 First Half Events</b>	<b>922,816</b>	<b>\$34.2</b>	<b>\$58.8</b>	<b>\$1,890,457</b>	<b>\$1,338,392</b>

Source: Chmura Economics & Analytics

## 2. Background

In 1607, the Virginia Company of London's investment in a tiny settlement called Jamestown changed the history of North America. In 2007, Virginia successfully commemorated the 400th anniversary of the founding of Jamestown. As the nascent colony took several steps toward democracy, diversity, and opportunity, 1619 became another landmark year in the history of Virginia and the American Evolution (AE™).

In 2013, the Virginia General Assembly passed House Joint Resolution 754. This established the 2019 Commemoration as the official state agency assisting the Commonwealth in planning the 400th anniversary celebration of several landmark events in Virginia's history, including:

- The first representative legislative assembly in the New World
- The first recorded Africans to English North America
- Recruitment of English women in significant numbers
- Precedent for America's first Thanksgiving
- The entrepreneurialism and innovation of the Virginia Colony

The 2019 Commemoration will highlight key ideals of America: democracy, diversity, and

opportunity—three forces that converged in Virginia in 1619 and have been shaping the country ever since. The Commemoration aims to showcase 400 years of Virginia's history, cultural diversity, environmental beauty, commerce, and industry through a series of events and programs of national and international significance. More specifically, the goals of the 2019 Commemoration include:

- **Economic Leadership:** reinforce Virginia's brand as the United States' longstanding (400-year) home of innovation and entrepreneurship
- **Tourism:** increase visitation to historical sites of 1619, the Historic Triangle region, and the state of Virginia
- **Education:** ensure Americans more fully appreciate the overall idea and related benefits of representative democracy
- **Diversity:** foster appreciation for the value of diversity and inclusion in all communities
- **Future Leaders:** engage millennials and others in democratic institutions and formal democratic processes
- **History:** make history more relevant, meaningful, and interesting to all generations

In August 2018, the American Evolution 2019 Commemoration (AE2019) awarded a contract to Chmura Economics & Analytics (Chmura) to

conduct an economic impact study for the 2019 Commemoration. While the final study will include all events and activities associated with the 2019 Commemoration, this interim report includes an economic impact analysis of commemoration events that occurred from January to June (2019 First Half events).

The report is organized as follows:

- Section 2 summarizes the background of the study.
- Section 3 describes the approach and methodology used by Chmura for analyzing the economic impact, including the approach to data collection.
- Section 4 analyzes the economic impact of 2019 First Half events of the 2019 Commemoration.
- Section 5 analyzes tax revenue from 2019 First Half events of the 2019 Commemoration.
- Section 6 summarizes other impacts of the 2019 Commemoration such as media outreach.
- Section 7 offers a summary.
- The Appendix provides a partner survey report.

## 3. Methodology

In this study, the economic impact of 2019 First Half events of the Commemoration is estimated mostly from spending in two categories. The first category is commemoration spending related to event organization, which includes AE2019 operations, grants, and event spending by AE2019 and its partners. The second category

is visitor spending at various events across Virginia.

In this analysis, the economic impact is presented in three categories—direct, indirect, and induced impacts.<sup>4</sup> The following subsections will first detail the methodology used to

estimate the direct impact (Section 3.1), followed by methodology used to estimate the indirect and induced economic impacts (Section 3.2), and data collection method (Section 3.3).

### 3.1. Estimating the Direct Impact of 2019 First Half Events

#### 3.1.1. Direct Commemoration Spending

Commemoration spending includes three categories of spending, either directly by AE2019 or through its grants and sponsorships:

- **AE2019 operations:** AE2019 is a state agency with dozens of employees. Operational spending is allocated to wages and salaries, support services, marketing, communications, and other items. Though specific items in these categories may not

be directly traced to any particular event, when combined, they are critical to the success of the 2019 Commemoration.<sup>5</sup>

- **AE2019 grants and event spending:** AE2019 spends a significant amount for the purpose of planning and organizing various events. In addition, AE2019 has given many grants to organizations across Virginia, including strategic partners and grant

recipients.<sup>6</sup> The grants are used by AE2019 partners to organize partner events.<sup>7</sup> Some of AE2019 partners also spend their own funding or funding from other sources to organize events. This leveraged spending is also included in the analysis, as many of those events would not have taken place without AE2019 funding.

#### 3.1.2. Direct Visitor Spending

Outside commemoration spending, another source of economic impact in Virginia will be visitor spending. Accurately estimating the economic impact of visitor spending is complicated by several factors. One issue is determining what type of visitor spending should be included in this analysis.

Since the purpose of this study is to evaluate the economic impact of the 2019 Commemoration on the Commonwealth of Virginia, commemoration events held outside Virginia are excluded from the analysis. For example, the Dance Theater of Harlem held a performance at The Kennedy Center in Washington, D.C. in May 2019, which was not included in the study. Similarly, events that occur primarily online, such as the showing of the documentary *Evolution of America: 1619 to Today* reached tens of millions

of views nationwide. That event is also excluded from the visitor spending impact analysis.

This interim report focuses on events occurring from January to June 2019. For 2019 First Half events, direct visitor spending measures the actual dollar amount visitors spent attributable to the 2019 Commemoration. To calculate direct spending, the first task is to estimate the number of 2019 Commemoration visitors. Chmura makes a distinction between events organized by AE2019 or its strategic partners<sup>8</sup> (AE2019 events) and partner events.

AE2019 events are closely aligned with the goals of the 2019 Commemoration, and attendance at all AE2019 events will be attributed to the 2019 Commemoration. Some events were organized directly by the AE2019 Commission, such as the Great Charter and the General Assembly exhibit.

Strategic partner events, though organized by other organizations, are essential and are organized solely for the purpose of the AE2019 Commemoration. The AE2019 Commission also actively participates in planning and execution of those events. Examples of strategic partner events include specific performances at the Virginia Arts Festival in Hampton Roads, or the Presidential Ideas Festival in Charlottesville.

Partner events include those funded by AE2019 (grant recipient events) and other events reflecting the 2019 Commemoration theme, but not receiving AE2019 funding. Because grant recipient events would not have happened without the AE2019 funding, Chmura includes all of their participants as attributable to the AE2019 Commemoration. For other partner events,

<sup>4</sup> Appendix 1 provides a glossary of these terms.

<sup>5</sup> To avoid double counting, Chmura does not count grants and event spending as operational spending.

<sup>6</sup> Section 3.1.2. includes an explanation of AE2019 partners.

<sup>7</sup> In this report, the impacts of AE2019 grants and event spending were analyzed together.

<sup>8</sup> Strategic partner events are those events for which AE2019 not only provides funding, but also actively participates in the planning and execution. As a result, they are treated as AE2019 events in this report.

Chmura attributes a portion of total attendance to the 2019 Commemoration.

After the number of total visitors related to the 2019 Commemoration is estimated, the second step is to calculate visitor spending. To do this, Chmura distinguished among three types of visitors: (1) day trippers, (2) overnight visitors, whose primary purpose was to attend commemoration events, and (3) overnight

visitors, whose primary visiting purpose was other than commemoration events. The following visitor spending items are defined as attributable to the 2019 Commemoration:

1. Total daily spending by day trippers
2. All visitor spending within Virginia for overnight visitors whose primary visiting purpose is to attend 2019 Commemoration events

3. A proportion of spending in Virginia for visitors whose primary visiting purpose is other than attending 2019 Commemoration events

After combining estimated total visitors and their average spending, Chmura calculated direct visitor spending in Virginia resulting from the 2019 Commemoration.

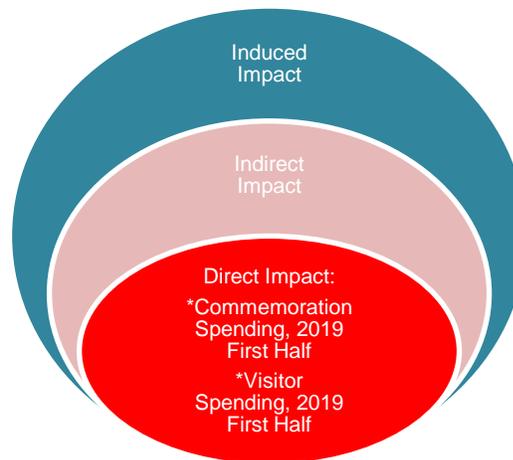
### 3.2. Estimating Total Economic Impact

The two components identified in Section 3.1 (commemoration spending and visitor spending) constitute the direct economic impact of commemoration events in Virginia. The total economic impact also includes the ripple effects from the direct impact.

Ripple effects, categorized as indirect and induced effects, measure the benefits of commemoration and visitor spending to businesses other than those involved in direct spending. Using visitor spending as an example, indirect effects would benefit industries supporting tourism businesses. Induced effects occur when more people are hired by the state tourism industry due to increased visitor spending. When these newly hired workers spend their income, more money is injected into the state economy.

Ripple effects of both commemoration and visitor spending are estimated with IMPLAN software,<sup>9</sup> which is a model often used by economists to measure the economic impact of events. Different commemoration spending and visitor spending items are distributed to IMPLAN model sectors to estimate the indirect and induced impacts for each spending item. Those impacts are eventually aggregated to reach the estimated overall economic impact of 2019 First Half events of the 2019 Commemoration in

Figure 3.1: Economic Impact Analysis Framework



Virginia. Figure 3.1 illustrates the economic impact framework.

This study also estimates the fiscal benefit of 2019 Commemoration events to state and local governments. The state government typically can benefit from sales, individual, and corporate income taxes from both commemoration and visitor spending. For visitor spending, local taxes include sales; lodging; meals; admissions;

and business, professional, and occupational license (BPOL) taxes. For commemoration spending, BPOL tax can be collected by local governments. If the location of an event is known, the tax rate of that locality is used to estimate the local tax revenue. For events in multiple jurisdictions, the average tax rate for all related localities is used to estimate the tax benefits for local governments.

<sup>9</sup> IMPLAN is an economic impact assessment modeling system developed by IMPLAN Group that is often used by economists to build models that estimate the impact of economic changes on local economies.

### 3.3. Data Collection

A large amount of data are collected to complete the economic impact analysis. Data on commemoration spending are collected primarily from AE2019, and include the following:

- Total budget for AE2019 for FY2019
- Grant amounts awarded to partner organizations for 2019 First Half events
- Expenses for commemoration events

For visitor spending, AE2019 provided data on attendance at its events and certain partner events. Chmura also worked with AE2019 to design and implement a partner survey for collecting additional information related to partner events.<sup>10</sup> The key information collected includes:

- Attendance at partner events
- Total budget for partner events

- Funding received from AE2019 for those events

Chmura also utilizes additional secondary data in this study, especially to form the assumptions on direct visitor spending.<sup>11</sup> Specifically, visitor spending data from Virginia Tourism Corporation and prior economic impact studies on the commemoration events in Virginia are used to estimate visitor characteristics and average visitor spending.<sup>12</sup>

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<sup>10</sup> Please see Appendix 2 for the survey report.

<sup>11</sup> An alternative approach is to conduct a visitor survey examining travel and spending behaviors related to the 2019 Commemoration events. However, such a survey can be costly and time consuming and therefore was not implemented.

<sup>12</sup> Examples of prior similar studies include the Jamestown 2007 Commemoration and the Civil War Sesquicentennial Commemoration in Virginia.

## 4. Economic Impact of 2019 First Half Events

### 4.1. Events in the First Half of 2019

From January through June 2019, there were dozens of commemoration events which took place across Virginia and in places outside the state. Those events are classified into the following two categories:

1. AE2019 events: events directly organized by AE2019 and its strategic partners
2. Partner events: events organized by AE2019 grant recipients and other partners. AE2019 provides grant funding to certain partners such as museums, arts organizations, and historical societies for staging events. Those are referred to as grant recipient events. Some of the partner events did not receive AE2019 funding, but reflected the theme of the Commemoration.

Table 4.1 lists AE2019 events held in the first half of 2019.<sup>13</sup> In total, there were 116 events on record. Some are recurring events taking place over multiple years, for which AE2019 has provided support each year, such as the Tom Tom Festival and the Virginia Arts Festival.<sup>14</sup> Those are major festivals that attract thousands of attendees. In addition, AE2019 events include several major exhibitions with different institutions and focuses. Examples are New Virginians: 1619-2019 and Beyond with the Library of Virginia; Cosmologies from the Tree

**Table 4.1: List of AE2019 Commemoration Events, January-June 2019**

AE2019 Events
American Evolution Innovators Cup (Tom Tom Festival)
Cosmologies from the Tree of Life: Art from the African American South
Determined: the 400-Year Struggle for Black Equality
Faith Journeys in the Black Experience
Global Pathfinder Summit
Great Charter and the General Assembly (with Traveling Exhibit)
Historic Jamestowne: Democracy and Diversity
New Virginians: 1619-2019 and Beyond (with Traveling Exhibit)
Presidential Ideas Festival
Tenacity: Women in Jamestown and Early Virginia
Virginia Arts Festival (Selected AE Events, multiple)
Evolution of America: 1619 to Today
Partner Events
89 Events Across Virginia

Source: AE2019, Partner Survey

of Life: Art from the African American South, with the Virginia Museum of Fine Arts; and Determined: the 400-Year Struggle for Black Equality, with the Virginia Museum of History and Culture. Other notable events include the

Evolution of America documentary, and several other conferences and events.

Partner events occurred throughout Virginia. The latest survey reports 89 such events across Virginia.

<sup>13</sup> Partner events are too numerous to list individually.

<sup>14</sup> Some of the major events listed in Table 4.1, like the Virginia Arts Festival, also include multiple events such as different performances.

## 4.2. Economic Impact of AE2019 Commemoration Spending

After its establishment in 2016, AE2019—along with its many partners—has spent millions of dollars to organize commemoration events. This section first analyzes the impact of AE2019 operational spending in the first half of 2019,

followed by an analysis of the impact of AE2019 grants and event spending during the same period. Chmura makes this distinction because the grants and event spending can both be associated with a specific event. But operational

spending, such as payroll and support services, cannot be linked to specific events. However, since they are essential for the success of the 2019 Commemoration, they are included in the analysis.

### 4.2.1. Economic Impact of AE2019 Operational Spending

Table 4.2 lists the total budget for AE2019, which includes the actual amount for three fiscal years (FY) and the budgeted amount for FY2020.<sup>15</sup> In FY2017, the budget for AE2019 was \$3.4 million. The budget for each of the three other fiscal years, from FY2018 to FY2020, is \$6.5 million.

The AE2019 budget includes spending on various categories, such as hiring staff members, purchasing supplies and support services, and acquiring marketing/communications services. It also includes expenses for programs/partnerships and events.

Two big components of the AE2019 budget are programs/partnerships and events. As Table 4.2 shows, a total of \$5.0 million is budgeted for programs/partnerships from FY2017 to FY2020. Events constitute \$5.4 million of the budget over four years. Because this report focuses on events in the first half of 2019, Chmura excluded those two spending items in the economic impact analysis of AE2019

operations. That is because a significant amount of spending for programs/partnerships and events happened during this period. Much of the spending will also go toward events in the second half of 2019, and not on the events outlined in Table 4.1. Chmura received additional data on the grants and event spending for 2019 First Half events, which are analyzed separately in Section 4.2.2.

In the first half of 2019, the commission spent a total of \$1.8 million on operational expenses (excluding programs/partnerships and events).<sup>16</sup> It is estimated that spending activities from AE2019 operations generated a total economic impact (direct, indirect, and induced) of \$3.2 million in 2019, supporting 28 jobs in Virginia (Table 4.3).<sup>17</sup> Of the total impact, \$1.7 million is the estimated direct spending in Virginia, which can support 16 jobs.<sup>18</sup> The indirect impact in the state is estimated to be \$0.6 million while the induced impact is estimated at \$1.0 million.

Table 4.2: Budget for AE2019 (\$Million)

	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Budget	Total
Administration	\$0.8	\$1.3	\$1.5	\$2.0	\$5.6
Support Services	\$0.0	\$0.1	\$0.1	\$0.1	\$0.4
Marketing/Communications	\$0.6	\$1.8	\$2.0	\$0.9	\$5.3
Tourism Promotion	\$0.5	\$0.4	\$0.0	\$0.3	\$1.1
Programs/Partnerships	\$1.3	\$2.3	\$0.9	\$0.6	\$5.0
Events	\$0.2	\$0.6	\$2.0	\$2.6	\$5.4
<b>Total</b>	<b>\$3.4</b>	<b>\$6.5</b>	<b>\$6.5</b>	<b>\$6.5</b>	<b>\$22.9</b>

Source: AE2019

Table 4.3: Economic Impact of AE2019 Operations in Virginia

		Direct	Indirect	Induced	Total
2019 First Half	Spending (\$Million)	\$1.7	\$0.6	\$1.0	\$3.2
	Employment	16	3	9	28

Note: Numbers may not sum due to rounding

Source: IMPLAN 2017, AE2019, and Chmura

<sup>15</sup> For example, Fiscal Year 2017 lasts from July 1, 2016 through June 30, 2017.

<sup>16</sup> Please note that the economic impact is analyzed based on a calendar year, not a fiscal year. Source: AE2019.

<sup>17</sup> This is the annual job number, implying that individuals will work for a full year. For example, the 16 direct jobs imply that 32 workers can be employed for half a year, including those on AE2019 payroll, which stood at 18 in June 2019. The estimated job number includes both full-time and part-time jobs, and is not representative of full-time equivalent (FTE) jobs.

<sup>18</sup> This number is smaller than the \$1.8 million in total operational spending by AE2019 in the first half of 2019 because not all spending will occur in Virginia. Chmura uses the IMPLAN model to estimate the percentage of AE2019 operational spending occurring in the state.

#### 4.2.2. Economic Impact of AE2019 Grants and Event Spending

AE2019 and its partners directly spent millions of dollars to organize different events in the first half of 2019. To be conservative, events held outside Virginia are excluded.

Data from AE2019 and the partner survey indicate that total expenditure on 2019 First Half events amounted to \$6.7 million. Of this amount, \$2.5 million is AE2019 direct spending on events and grants to partner organizations, and \$4.2 million is the leveraged funding from other sources (Table 4.4). Some large events with a high level of leveraged funding are the Virginia Arts Festival (\$1.6 million), Tom Tom Festival (\$1.1 million), and the Presidential Ideas Festival (\$0.7 million). Chmura includes the total expenditure in the impact analysis because most of those events would not have taken place without AE2019 funding.

The economic impact of AE2019 grants and event spending is presented in Table 4.5. It is estimated that this spending generated a total economic impact (direct, indirect, and induced)

**Table 4.4: AE2019 Grants and Event Spending for 2019 First Half Events**

	AE2019 Funding
AE2019 Funding	\$2,477,671
Other Funding	\$4,238,016
<b>Total Funding</b>	<b>\$6,715,688</b>

Source: AE2019 and Partner Survey

**Table 4.5: Economic Impact of AE2019 Grants and Event Spending in Virginia**

		Direct	Indirect	Induced	Total
2019 First Half Events	Spending (\$Million)	\$5.2	\$2.6	\$2.4	\$10.2
	Employment	72	20	17	110

Note: Numbers may not sum due to rounding

Source: IMPLAN 2017, AE2019, and Chmura

of \$10.2 million in 2019, supporting 110 jobs in Virginia. Of the total impact, \$5.2 million is the estimated direct spending in Virginia, which supported 72 Virginia jobs.<sup>19</sup> The indirect impact

in the state is estimated to be \$2.6 million while the induced impact is estimated at \$2.4 million.

#### 4.2.3. Commemoration Spending Impact Summary for 2019 First Half Events

In summary, Table 4.6 presents the economic impact of total commemoration spending for 2019 First Half events. Direct spending by AE2019 and its partners on operations, grants, and events is estimated to be \$6.9 million in Virginia in 2019. In terms of ripple effects, total commemoration spending is estimated to generate \$3.2 million in indirect spending and \$3.3 million in induced spending in Virginia. Total commemoration spending also supported 137 jobs in Virginia; 89 jobs were created by direct spending. Ripple spending effects supported 49 jobs.

**Table 4.6: Economic Impact of AE Operations, Grants, and Event Spending in Virginia**

		Direct	Indirect	Induced	Total
<b>2019 First Half Events</b>					
Operations	Spending (\$Million)	\$1.7	\$0.6	\$1.0	\$3.2
	Employment	16	3	9	28
Grants and Events	Spending (\$Million)	\$5.2	\$2.6	\$2.4	\$10.2
	Employment	72	20	17	110
<b>Total Commemoration Spending</b>	<b>Spending (\$Million)</b>	<b>\$6.9</b>	<b>\$3.2</b>	<b>\$3.3</b>	<b>\$13.4</b>
	<b>Employment</b>	<b>89</b>	<b>23</b>	<b>26</b>	<b>137</b>

Note: Numbers may not sum due to rounding

Source: IMPLAN 2017, AE2019, and Chmura

<sup>19</sup> Please note that \$4.7 million is smaller than total event spending of \$6.2 million because some is payable to contractors outside Virginia. Chmura used the IMPLAN model to estimate the percentage of event spending within Virginia.

### 4.3. Economic Impact of Visitor Spending

This section provides a detailed economic impact analysis of visitor spending at the events held in Virginia in the first half of 2019, including both AE2019 events and partner events.

To calculate direct visitor spending resulting from the 2019 Commemoration, the first task is to estimate the number of visitors that can be attributed to the Commemoration. In this estimate, Chmura makes a distinction between AE2019 events and partner events. For AE2019 events (organized by the commission and its strategic partners), all event attendance will be attributed to the 2019 Commemoration. For partner events that would not have happened without AE2019 grant funding (grant recipient events), Chmura includes all of their participants as attributable to the AE2019 Commemoration. For other partner events that do not receive funding from the commission, Chmura attributes a portion of total attendance to the 2019 Commemoration.

Table 4.7 summarizes the total attendance at commemoration events in Virginia in the first half of 2019. For events organized by AE2019 and its strategic partners, a total of 542,687 individuals participated in those events. In addition, total attendance at partner events is estimated to be 380,129, and 111,440 of those participants are attributable to the 2019 Commemoration.<sup>20</sup> Combined, a total of 922,816 individuals participated in various commemoration events in the first half of 2019. Among those, Chmura estimated that 654,127 are attributable to the 2019 Commemoration.

After the total number of visitors to the 2019 Commemoration is estimated, the second step is to estimate visitor spending. This study distinguishes among three types of visitors: (1) day trippers, (2) overnight visitors whose primary purpose was to attend commemoration

**Table 4.7: Attendance at AE2019 First Half Events and Partner Events**

Event Type	Total Attendance	Commemoration Attendance
AE2019 Events	542,687	542,687
Partner Events	380,129	111,440
<b>Total</b>	<b>922,816</b>	<b>654,127</b>

Source: AE2019 and Partner Survey

**Table 4.8: Economic Impact of 2019 Commemoration Visitor Spending in Virginia**

		Direct	Indirect	Induced	Total
<b>2019 First Half Events</b>					
AE2019 Events	Spending (\$Million)	\$22.8	\$8.3	\$6.8	\$37.9
	Employment	272	58	58	388
Partner Events	Spending (\$Million)	\$4.5	\$1.7	\$1.4	\$7.5
	Employment	54	12	12	77
<b>Total Visitor Spending</b>	<b>Spending (\$Million)</b>	<b>\$27.3</b>	<b>\$10.0</b>	<b>\$8.2</b>	<b>\$45.5</b>
	<b>Employment</b>	<b>325</b>	<b>69</b>	<b>70</b>	<b>465</b>

Note: Numbers may not sum due to rounding

Source: IMPLAN 2017, AE2019, and Chmura

events, and (3) overnight visitors whose primary visiting purpose was other than commemoration events. Using visitor survey data from previous studies in Virginia,<sup>21</sup> Chmura estimates that the majority (80%) of visitors were day trippers. Based on prior studies of commemoration events in Virginia, Chmura also estimates that average spending for day trippers was \$16.60 per person, and overnight visitors spent \$83.00 per person per day.<sup>22</sup>

The total direct spending by commemoration visitors is estimated to be \$27.3 million in Virginia in the first half of 2019, supporting 325 jobs in the tourism industry (Table 4.8).

Direct visitor spending also had ripple effects throughout the state. Outside of the \$27.3 million in direct spending on food, lodging, transportation, and other services, another \$10.0 million and 69 jobs are derived from the indirect impact. Induced effects yielded \$8.2 million and 70 jobs.

As a result, the overall economic impact (direct, indirect, and induced) of visitor spending at 2019 First Half events is estimated to be \$45.5 million in the first half of 2019 that supported 465 jobs in the state (Table 4.8).

<sup>20</sup> Chmura utilized the AE2019 partner survey to reach this estimate.

<sup>21</sup> For examples, please see Economic Impact of Civil War Sesquicentennial Commemoration in Virginia, 2015.

<sup>22</sup> Ibid.

#### 4.4. Economic Impact Summary of 2019 First Half Commemoration Events

Combining commemoration spending and visitor spending, Table 4.9 presents the overall economic impact of 2019 First Half events of the 2019 Commemoration in Virginia. The direct impact is estimated to be \$34.2 million in Virginia, supporting 414 jobs. In terms of ripple effects, the events are estimated to bring about \$13.2 million in indirect spending that supported 92 jobs in Virginia. The induced impact is estimated to total \$11.5 million and 96 jobs in the state. The total economic impact of 2019 First Half events is estimated to reach \$58.8 million that supported 602 jobs in Virginia.

**Table 4.9: Economic Impact of AE2019 First Half Events in Virginia**

		Direct	Indirect	Induced	Total
<b>2019 First Half Events</b>					
<b>Operations/Grants/Events</b>	Spending (\$Million)	\$6.9	\$3.2	\$3.3	\$13.4
	Employment	89	23	26	137
<b>Visitor Spending</b>	Spending (\$Million)	\$27.3	\$10.0	\$8.2	\$45.5
	Employment	325	69	70	465
<b>Total Impact</b>	<b>Spending (\$Million)</b>	<b>\$34.2</b>	<b>\$13.2</b>	<b>\$11.5</b>	<b>\$58.8</b>
	<b>Employment</b>	<b>414</b>	<b>92</b>	<b>96</b>	<b>602</b>

*Note: Numbers may not sum due to rounding*

*Source: IMPLAN 2017, AE2019, and Chmura*

## 5. Fiscal Impact

The 2019 First Half Commemoration events also generated tax revenue for both the Commonwealth of Virginia and localities hosting the events. The state can benefit from the following three main tax streams: sales,

individual income, and corporate income. For local governments, major tax revenue from commemoration events and visitor spending includes sales; meals; lodging; admissions; and business, professional, and occupational

license (BPOL) taxes. To be conservative, only tax revenue from the direct impact is estimated.<sup>23</sup>

### 5.1. State Fiscal Impact

For the state government, tax revenue can be collected from commemoration spending, such as individual income tax from labor income, and corporate income tax from profits made by those engaged in event organization. From visitor spending, the Commonwealth of Virginia collects corporate income, individual income, and retail sales taxes from businesses serving visitors.

State tax revenue is estimated based on the direct economic impact estimated in Section 4, which includes AE2019 operational spending, grants and events, and visitor spending. For corporate and individual income tax estimates, the IMPLAN model provides an estimate of the profit margin and proportion of employment

compensation as a share of total revenue for total visitor and commemoration spending. For example, for an average Virginia restaurant business, the IMPLAN model shows that profit accounts for 11% of total revenue while employment compensation accounts for 23% of total revenue. Based on this information, Chmura estimates total profit and wages attributed to visitor spending in restaurants, before applying the state corporate income tax rate of 6% and average state personal income tax rate of 5%.<sup>24</sup>

For state sales tax, the rate differs based on locality. While a 4.3% tax rate is applied to total visitor spending in retail, lodging, and food in most areas in Virginia, many localities in

Northern Virginia and Hampton Roads are subject to 5.0% state sales tax. The additional amount is for the funding of regional transportation projects.<sup>25</sup>

Table 5.1 presents estimated tax revenue for the state government from commemoration spending and visitor spending. The state is estimated to have received \$1.9 million in tax revenue from commemoration events. The largest tax revenue item is sales tax, amounting to \$1.2 million in the first half of 2019. That is followed by individual income tax of \$505,755 and corporate income tax of \$153,202.

**Table 5.1: State Tax Revenue from 2019 First Half Events**

	Sales	Individual Income	Corporate Income	Total State Tax
<b>Commemoration Spending</b>		<b>\$155,513</b>	<b>\$7,851</b>	<b>\$163,365</b>
AE2019 Operations		\$56,294	\$3,677	\$59,972
Grants & Event Spending		\$99,219	\$4,174	\$103,393
<b>Visitor Spending</b>	<b>\$1,231,500</b>	<b>\$350,241</b>	<b>\$145,350</b>	<b>\$1,727,092</b>
AE2019 Events	\$1,021,653	\$292,214	\$121,269	\$1,435,135
Partner Events	\$209,847	\$58,028	\$24,082	\$291,957
<b>Total 2019 First Half Events</b>	<b>\$1,231,500</b>	<b>\$505,755</b>	<b>\$153,202</b>	<b>\$1,890,457</b>

Source: Chmura

<sup>23</sup> This approach is recommended by Burchell and Listokin in *The Fiscal Impact Handbook*. Source: Burchell, R.W. and Listokin, D. 1978. *The Fiscal Impact Handbook: Estimating Local Costs and Revenues of Land Development*. Center for Urban Policy Research, New Brunswick, NJ; Rutgers, The State University of New Jersey.

<sup>24</sup> Virginia has a progressive state income tax system where high-income individuals pay higher percentages of their income as income tax. The rate is 4.9% for an individual with \$30,000 taxable income, and 5.2% for an individual with \$50,000 taxable income. As a result, 5% is a reasonable assumption as many of those jobs pay low wages.

<sup>25</sup> Localities subject to higher sales tax rates belong to Northern Virginia Transportation Authority and Hampton Roads Transportation Accountability Commission.

## 5.2. Local Fiscal Impact

AE2019 operational spending, grants and events, and visitor spending can generate tax revenue for local governments as well. While local sales tax is 1% in all localities, jurisdictions in Virginia have different meals, lodging, admissions, and BPOL tax rates. In this analysis, if an event takes place in a single location, the tax rate for that jurisdiction is used to estimate local tax revenue. If an event takes place in multiple Virginia locations, Chmura first calculates the average local tax rate of those

locations before applying an average tax rate to spending items.<sup>26</sup>

In estimating local tax revenue, the sales tax rate (1%) is applied to the spending categories of shopping, food, and lodging. The meals tax rates are applied to visitor spending on food while the lodging tax rates are applied to visitor spending on hotels and motels. The admissions tax rates are applied to visitor spending on entertainment. BPOL tax rates are applied to all visitor spending categories, with different BPOL

tax rates applied to retail and services. Finally, BPOL tax rates are applied to many categories of spending on AE2019 operations, grants, and events.

As Table 5.2 shows, in the first half of the year, 2019 Commemoration events are estimated to have generated \$1.3 million in tax revenue for all local governments involved. The largest revenue source is from meals tax, totaling \$668,478, followed by lodging, sales, BPOL, and admissions taxes.

**Table 5.2: Local Tax Revenue from 2019 First Half Events**

	Sales	Meals	Lodging	Admissions	BPOL	Total Local Tax
<b>Commemoration Spending</b>					<b>\$25,228</b>	<b>\$25,228</b>
AE2019 Operations					\$5,216	\$5,216
Grants & Event Spending					\$20,013	\$20,013
<b>Visitor Spending</b>	<b>\$257,414</b>	<b>\$668,478</b>	<b>\$288,493</b>	<b>\$44,377</b>	<b>\$54,402</b>	<b>\$1,313,164</b>
AE2019 Events	\$214,765	\$528,482	\$231,607	\$29,778	\$45,775	\$1,050,408
Partner Events	\$42,648	\$139,996	\$56,886	\$14,599	\$8,627	\$262,756
<b>Total 2019 First Half Events</b>	<b>\$257,414</b>	<b>\$668,478</b>	<b>\$288,493</b>	<b>\$44,377</b>	<b>\$79,630</b>	<b>\$1,338,392</b>

Source: Chmura

<sup>26</sup> The source of local tax rates is from the Survey of Local Tax Rates published by the Weldon Cooper Center for Public Service, University of Virginia.

## 6. Other Impacts

Commemoration spending and visitor spending, though constituting a major part of the economic impact in Virginia, do not capture all the benefits resulting from the 2019 Commemoration. In this section, Chmura discusses other benefits of the 2019 Commemoration, even though their economic impact is not quantified in this report.

The 2019 Commemoration brings a tremendous amount of national and international attention to Virginia. Data collected by AE2019 show that numerous news reports were written on the 2019 Commemoration via state and national media outlets. Based on data compiled as of July 19, 2019, there were 5,865 media placements from in the first half of 2019 (Table 6.1). These include placements in both print and online media, among others. Those media placements generated an estimated 3.2 billion impressions in the first half, much larger than the first and second half of 2018. Many top national media outlets have covered the 2019 Commemoration including C-SPAN, Associated Press, New York Times, Washington Post, Washington Times, and CNN.

This media exposure can generate significant value in Virginia. In this study, Chmura utilizes a study by Virginia Tourism Corporation to estimate the economic value of different media exposure.<sup>27</sup> The VTC study measures the return on investment of the integrated media spending including spending on paid, owned, and earned media. Paid media is sponsored marketing effort through print, TV, digital, or social media.

<sup>27</sup> Source: VTC FY2018 Integrated Marketing Effectiveness and ROI, prepared by Omitrak for Virginia Tourism Corporation, March 2019.

<sup>28</sup> Ibid.

<sup>29</sup> Chmura's estimate adjusted for average spending, travel party size, and length of stay between AE2019 visitors and general Virginia visitors. It is not a direct application of VTC's value of return on investment (\$167.40 per dollar). If VTC's media ROI is applied directly, the total influenced travel spending would be \$49.1 million ( $\$167.40 \times \$293,195$ ).

**Table 6.1: Summary of Media Coverage**

	2018 First Half	2018 Second Half	2019 First Half
Number of Placements	3,743	4,709	5,865
Number of Impressions	598,767,608	2,408,410,637	3,249,521,475
Number Press Releases	13	15	30
Number of Op-eds/ Bylines/LTEs/Contributed Content	7	6	4
Number of Interviews	37	27	55

Source: AE2019

**Table 6.2: AE2019 Media Spending, First Half of 2019**

	Amount
Paid Media	\$98,351
Owned Media	\$229,794
<b>Total Media Spending</b>	<b>\$328,145</b>

Source: AE2019

Owned media refers to media content through an organization's website, blog, YouTube channel, Facebook, Twitter, Pinterest, and Instagram accounts. Finally, earned media is coverage through articles, news, published stories, or social media.

The VTC study indicates that one dollar of integrated media spending can influence \$167.40 of travel spending in Virginia.<sup>28</sup> In the

first half of 2019, AE2019 spent a total of \$328,145 on media, including \$98,351 in paid media spending, including media buy in Times Square in New York City, and \$229,794 in owned media spending. This indicates total media spending may influence \$5.4 million of travel spending in Virginia.<sup>29</sup> This number can be conservative as it did not include the value of earned media from 2019 First Half Commemoration events.

## 7. Summary

This study estimates that the economic impact of 2019 First Half events of the 2019 Commemoration is \$58.0 million in 2019 (Table 7.1). The impact from commemoration events is derived from visitor spending as well as spending required to organize them. The study estimates that 922,816 visitors participated in the events in Virginia. Collectively, direct visitor spending is estimated to be \$27.3 million in

Virginia. Direct commemoration spending (operations, grants, and event spending) is estimated to be \$6.4 million in Virginia. In addition, the events are estimated to generate \$1.9 million in tax revenue for the state and \$1.3 million in tax revenue for local governments involved.

Events of the 2019 Commemoration also created job opportunities in Virginia. The events are estimated to generate 594 jobs in Virginia in 2019. Moreover, the events and media attention generated by the 2019 Commemoration has greatly increased the exposure and visibility of Virginia in general, boosting state tourism.

**Table 7.1: Economic Impact Summary of 2019 First Half Events of the 2019 Commemoration in Virginia**

	Virginia Attendance	Direct Spending (\$Million)	Total Economic Impact (\$Million)	State Tax Revenue	Local Tax Revenue
<b>Commemoration Spending</b>		<b>\$6.9</b>	<b>\$13.4</b>	<b>\$163,365</b>	<b>\$25,228</b>
AE2019 Operations		\$1.7	\$3.2	\$59,972	\$5,216
Grants & Event Spending		\$5.2	\$10.2	\$103,393	\$20,013
<b>Visitor Spending</b>	<b>922,816</b>	<b>\$27.3</b>	<b>\$45.5</b>	<b>\$1,727,092</b>	<b>\$1,313,164</b>
AE2019 Events	542,687	\$22.8	\$37.9	\$1,435,135	\$1,050,408
Partner Events	380,129	\$4.5	\$7.5	\$291,957	\$262,756
<b>Total 2019 First Half Events</b>	<b>922,816</b>	<b>\$34.2</b>	<b>\$58.8</b>	<b>\$1,890,457</b>	<b>\$1,338,392</b>

Source: Chmura Economics & Analytics

## Appendix 1: Impact Analysis Glossary

*Impact Analysis*—an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (input-output analysis).

*Direct Impact*—economic activity generated by a project or operation. For construction, this represents activity of the contractor; for operations, this represents activity by tenants of the property.

*Overhead*—construction inputs not provided by the contractor.

*Indirect Impact*—secondary economic activity that is generated by a project or operation. An example might be a new office building generating demand for parking garages.

*Induced (Household) Impact*—economic activity generated by household income resulting from direct and indirect impacts.

*Ripple Effect*—the sum of induced and indirect impacts. In some projects, it is more appropriate

to report ripple effects than indirect and induced impacts separately.

*Total Economic Impact*—the sum of the direct, indirect and induced impact.

*Fiscal Impact*—the tax revenue for federal, state or local governments derived from the direct economic impact. Appendix 2 shows the fiscal impact when ripple effects are also included.

*Multiplier*—the cumulative impacts of a unit change in economic activity on the entire economy.

## Appendix 2: Partner Survey Report

### A2.1. Methodology

A survey was conducted to AE2019 partners. The survey was designed to collect data on the number of visitors and the event budget for various partner events. Chmura designed and programmed the survey through the SurveyMonkey tool. The survey for Phase 3 was launched in February 2019. The survey link was sent to AE2019 partners, and 26 of them completed the survey.

### A2.2. Partner Event Attendance

The 26 partner organizations represented a total of 41 events. For those events, there were a reported total of 97,238 attendees, for an average of 2,372 visitors per event.

### A2.3. Partner Event Spending

The 26 partner organizations reported that they spent a total of \$268,173 on 41 events, averaging \$6,540 per event. Funding from AE2019 reached \$25,050 for those events. Other sources of funding include state and local agencies, local universities, and event fees.

### A2.4. Survey Instrument

#### Background Information

Organization: \_\_\_\_\_

Contact person: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

#### 2019 Commemoration Programs and Events

Describe events and programs held for the 2019 Commemoration. List each event separately, including the following:

Name of event: \_\_\_\_\_

Location/address where event was held: \_\_\_\_\_

Date of the event: \_\_\_\_\_

Describe the event and ancillary activities: \_\_\_\_\_

Attendance: \_\_\_\_\_

Visitor demographics, to the extent recorded (gender, age, where they traveled from, etc.):

What is the budgeted amount required to stage the event? What is the breakdown of funding sources (local government, state agency, other sources including federal, non-profit, or private sources)?

How do you hope the event is remembered? Are there other comments, or anything else you would like to report about the event?

In your opinion, what will be the lasting impacts of the 2019 Commemoration in your area? Why are these impacts important?