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Pittsburgh teams fight back: ineffectively

Summary: Pittsburgh's major sports franchises banded together to pay for a study that purports to show how important the teams are to the economies of the city and region. Unfortunately, the study is not convincing—nor is the teams' commentary offered in its support.

Results of the PricewaterhouseCoopers study were released in summary form to at least one newspaper –the Post-Gazette—that reported the findings. As best as can be determined that summary is all anyone outside the preparer of the study and the teams have seen. The full report with statements defining methodology and data sources has not been made public—no doubt because team information would be revealed. Thus, the principal finding of direct and indirect employment of 10,100 annually and a five-year employee wage total of $3.2 billion must be taken with a hefty degree of skepticism. And the implied claim that the teams are major economic generators with $6 billion in direct and indirect spending over five years is unsubstantiated.

Simply stated, whether the real number is anywhere close to $6 billion is questionable since we are not allowed to see the numbers for direct spending by the teams and, just as importantly, what is included in those figures. Multiplier effects for recreation spending are very low or non-existent. Moreover, set alongside a truly important economic driver in the city, the economic impact numbers claimed by the teams as reported in the study are not impressive.

For example, Carnegie Mellon University's 2017 financial report shows an annual payroll of over $600 million and annual expenditures in excess of $1.1 billion. So, in five years its direct payroll would be $3.6 billion and since a great share of revenue at the university is from outside the city and region, the multiplier effects on Pittsburgh would be far greater than the sports teams' revenue that comes in large part from ticket sales and concessions. The University of Pittsburgh, UPMC and Highmark all *individually* swamp the teams' combined local economic impact. No doubt many larger local companies with hefty exports from the region would as well.

One spokesperson took it upon himself to make somewhat disparaging remarks about other cities across the country in response to criticism that money spent on sports events is money not spent elsewhere in the region. He was quoted in the Oct. 29 Post-Gazette article as saying, “Yeah, they’re dispersed in Tulsa and El Paso and Fresno, and they’re dispersed in other places that no one’s ever heard of that are twice as big as Pittsburgh.”

The teams, he asserted, give the Steel City a cachet that many other cities don’t have.

“I believe strongly having these three sports teams has significant economic impact that allows us to punch over our weight as a city in competition with other cities and brings intangible benefits that separate us from larger cities, similar cities this size, cities that have sports teams and, most definitely, cities that don’t have sports teams,” he said.

Well, this person might want to consider that since 1990 Tulsa’s private-sector jobs count has climbed 38 percent through September 2018 while Pittsburgh jobs are up only 16 percent during the period. Or that El Paso’s jobs are 48 percent above the 1990 level. Alternatively, he might want to think about Pittsburgh’s population loss since the stadiums were built. From 2000 to 2017 the city has dropped from 334,563 to 302,407 residents—a decline of almost 10 percent. Allegheny County recorded a loss of nearly 60,000 residents over the period. Meanwhile, Tulsa and El Paso have seen population growth with El Paso up a hefty 22 percent.

Many other cities with no major sports franchises have seen substantial population gains as well, including Austin. In 2000 Austin at 656,000 residents was twice as big as Pittsburgh. But in 2017 Austin’s population had swelled by 49 percent above the 2000 level to stand at 950,715. Austin is now three times the size of Pittsburgh. Consider too Greensboro, N.C., where population rose from 223,880 in 2000 to 291,223 (30 percent) in 2017 and is within 11,000 of Pittsburgh’s population.

So perhaps the teams’ spokespersons should find another approach to bragging about how important the teams are to the economy, especially with the looking down-the-nose disparagement of cities that do not have sports teams. “No one’s ever heard of those towns,” he quipped. Yet amazingly somehow they continue to do very well.

Indeed, the city that best mirrors Pittsburgh in population change is St. Louis where population fell from 348,000 to 308,000, a drop of 11 percent. Until 2015, St. Louis had football, hockey and baseball franchises including the 11-time World Series champion Cardinals—who outdrew the Pirates by nearly two million attendees in the 2018 season.

Finally, the claim that 4 million people come to the city to attend sports events and concerts each year at the facilities is somewhat deceptive. The figure actually represents attendance at events, not individual persons. Large numbers of season-ticket holders and repeat visits by other people in the city, county and region account for much of the attendance at games. And some attendees no doubt go to football and baseball games as well as hockey games. Not counting city residents, the number of individuals making visits to the city for sports events and concerts is likely to be well under half-a-million and perhaps even a quarter-million. Season tickets are expensive.

In short, comments by team spokespersons about the study are largely self-serving and overblown rhetoric and seemingly unaware of how well other cities are doing despite not having major league sports. They might also want to look at Buffalo and Detroit as examples of what sports teams *cannot* do for a city. Clearly, there are many factors far more important for economic growth than sports. Business climate, taxes, the regulatory environment and costs and burden of government come to mind.

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