HUMAN SERVICES FOR ARIZONA’S “SECOND POPULATION”

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Most Arizonans recognize that visitors form an essential part of the social fabric of the Grand Canyon State, and would agree that their presence implies significant economic benefits. True, there is obvious competition between residents and visitors for restaurant meals, lodging space, and other commercial hospitality services. But this competition, when questioned, is easily justified by the generation of jobs and wages for Arizona residents and return on investments for Arizona entrepreneurs.

However, fewer Arizonans may consider a companion fact: The thousands of annual visitors to our state also create a substantial additional need for human services. Visitors compete with residents for emergency room visits, adult education programs, and county recreational facilities. They also use highways, police and criminal justice services, mental health and other social services. Indeed, visitors comprise a second population that increases the total number of persons in Arizona by an average of 6% on any given day. On the average day in Maricopa County, 5.5% of all people are visitors (1 out of 18); on the average winter day, that level rises to 6.7%.

Who are these people? How many are there and why are they here? Do they actually cost Arizona more than they provide in economic benefits? Which human services do they utilize most—and how will all this change in the future? These are important questions facing Maricopa County policymakers. For as the state’s resident population continues to grow, so will the size—and the needs—of its ever-present second population.

Who Are These People?
The World Tourism Organization defines tourists as persons “traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited.” Most official statistics in the U.S. use the criterion that a tourist must travel more than 50 miles from home and stay overnight.

Tourists coming to Arizona are generally highly educated, wealthier, and older than residents. Most also are traditional vacationers who have permanent residences elsewhere. Many are seasonal homeowners and some new retirement homeowners purchased a home in Arizona after first visiting as tourists. Neither puts demands on the state’s educational system, but both contribute to property taxes. On the other hand, the average retiree puts much greater demands on health services than do typical residents. A closely related issue is that of tourism employees, some of whom are seasonally unemployed; these individuals may put additional burdens on public services. Annual tourists, seasonal homeowners, new retirement populations, and tourism employees have different average characteristics than the residential population and require different human services.
The average age of overnight visitors to the Central Phoenix region is 47, about 14 years older than the average Maricopa County resident (excluding visitors from Canada and those traveling by land from Mexico). The average household income is $82,140, about $10,000 higher than the average traveler in the U.S., and $33,000 higher than Maricopa County residents of $49,000. Only about 26% of overnight visitors have no college education compared to about 40% of Maricopa County residents. The percentage of visitors with no college has increased from 18% in 1996 to 26% in 2006.

The origins of overnight visitors to the region are mostly California and Arizona residents, followed by the Chicago, New York, and western regional markets. Because of the size of the Central Phoenix region, more than 10% of overnight visitors are from Phoenix itself.

The planned activities undertaken by tourists are dominated by shopping, social activities, and leisure activities, as shown by Figure 1. A separate survey found 72% of Mexican visitors in 2001 identify shopping as their primary planned activity. Work was the primary reason for 14% of visitor parties, and visiting family was the primary reason for 8%. Other reasons were vacation, medical, business, and personal.

### How Many Are There?

Each government agency and tourism industry organization has a different need for information about tourists, thus they frequently define different categories from one another. In addition, they use different regional aggregates. As a result, there are different and often conflicting estimates of the number of travelers to the U.S., Arizona and Maricopa County.

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Phoenix region of Arizona has increased from 7.9 million in 1996 to 11.2 million in 2006 (42% increase) and the share of total Arizona domestic overnight visitors to the region has increased from 44% to 46%.

Relatively few travelers come from overseas. The U.S. Department of Commerce estimates 0.6 million overseas visitors to Arizona (2005), not visitors from Canada or visitors arriving from Mexico by land. DKS data suggests that about half of those visitors spent time in the Central Phoenix region.

Based on historical trends in total spending estimates by three overnight visitor categories (Hotel/Motel, Visiting Friends and Relatives, and Vacation homes) and average spending data and length of stay from DK Shifflet, DRA has estimated that 20.9 million persons (including international visitors) made overnight visits to Maricopa County in 2006 (a 31% increase over 1996). Day trippers to Maricopa County may comprise as many as 9 million visitors (based on the DRA data), bringing the total number of annual visitors to the county to approximately 30 million. They spend more than $10 billion in the county.

Mexican visitors are the largest component of day-trip visits to Arizona, virtually all from the neighboring state of Sonora, according to a 2001 University of Arizona study; however only 4% of them stay overnight. In that year, more than 23 million Mexican visitors came to Arizona; 13% of their expenditures were made in Maricopa County.

Human Services for Tourists

Most visitors probably never consider it, but there are at least eight categories of publicly provided human services that support many of their planned activities. Each of these is provided largely by local and state government and supported by local taxpayers:

- **Recreational Services** including the acquisition, construction and management of facilities such as reserves, open space, river and lake access by city, county, and state parks departments. For example, the Maricopa County Parks Department is spending approximately $5.5 million in 2007. A recent county study found that approximately 17% of visitors to parks are from out of state and an additional 2% are from out of the country.

- **Educational Services** including the acquisition, construction, and management of libraries, museums, and schools and provision of public lectures, art exhibits, and classes.

- **Transportation Services** including airports, roadways, parking, rail services and local and regional bus services. The City of Phoenix Airports Department employs 750 persons out of Sky Harbor airport’s total of 44,000. Officials recently built an $89 million air traffic control tower and a $285 million...
rental-car center at Sky Harbor Airport. In total, the airport has planned enhancements that will cost more than $2.9 billion over the next 10 years. It is estimated that two-thirds of the employment at the airport is directly caused by travel and tourism; the remainder is related to cargo and support services.

- **Information Services** including information, direction and personal travel advice for tourists, such as provided by the Arizona Office of Tourism (AOT). While much of the AOT budget is for market promotion, this is another method of providing information to tourists. The 2007 appropriation for the AOT was $15 million out of a $12 billion Arizona budget.

- **Safety, Security, and Medical Services** including police, fire protection emergency medical services, transportation and treatment.

- **Waste Management Services** including public restrooms, sewage treatment, solid waste disposal, and air pollution control.

- **Utility Services** including telephones, access to water, power, and communications.

- **Other Governance and Regulation Services** including the administration of facilities and planning for change.

Wong (1996) found similar results in his analysis of government expenditures in the 155 largest U.S. cities. His research showed that tourism (measured by percent local tourism payroll/percent U.S. tourism payroll) had a significant impact on the levels of capital outlays, transportation, corrections, parks and recreation, general government administration expenditures, police protection, fire protection, and financial administration expenditures (in order of importance).

**Who Really Pays for Tourism?**

The benefits that can result from development of community leisure services have been described as a tool for economic development, alleviation of social problems, and environmental stewardship (Crompton, 2000). However, the fact that many of the public services for tourists are partially paid for by residents raises issues of equitable distribution of the costs of these services. Do taxpayers subsidize the costs of visitor services? Do visitor expenditures and taxes paid by the private side of the tourism industry compensate for these subsidies to visitors? These questions have different answers for different types of services and different types of visitors.

Levine (2003) looked at the debt generated by mega events—such as the impact of the 1976 Olympics on Montreal—and challenges the “economic logic” of tourism as a strategy for creating jobs, growing businesses, and producing revenue. He points out that “investments in tourism come at a price: a skewing of the civic agenda in favor of the ‘visitor class’ at the expense of investments in schools, job training, public infrastructure, and social services.” Levine recognizes that investments such as the Vieux-Port historical site development, and infrastructure such as the Metro, might be justified both in terms of promoting tourism and as integral parts of Montreal’s “local” economy, but he sees public investments in convention centers or tourist-oriented theme parks designed for the “visitor class” as a direct “opportunity cost” against pressing local needs.

Levine is not alone. His concerns for developments oriented toward non-residents were supported in a study of 18 seasonal-home communities in five northeastern U.S. states (Gamble et al., 1975). The authors found that lower environmental property standards that attracted developers cost each homeowner an average of about $6,250 in the value of their property.

For Arizona, the economic benefits are clear. Approximately 173,000 Arizona jobs were directly created by the tourism industry in 2006 (55% of them in Maricopa County) and approximately $4.9 billion in earnings (66% in Maricopa County). In Arizona, the travel industry contributes about 3% of GSP ($6.9/232.4 billion in 2006).

But economic trade-offs clearly remain. Although older visitors are more likely to need health-care services, they also tend to be wealthier than residents and are less likely to burden the public health-care system because of their ability to pay and afford health insurance. Visitors are probably less likely to burden police and public safety services as perpetrators, but
perhaps more likely to be victims of crimes. Older visitors constitute a large percentage of park visitors. At the same time, they receive “senior” discounts so may not be paying their share. In addition, seniors get a variety of other benefits in the form of discounts on meals, hotel rooms, and flights.

Some research has shown that the immigration of the elderly can have a large impact on health services. But a study by Buczko (1994) showed no evidence that “snowbirds” cause excessive burden on the health-care system. Medical tourism for elective surgery, or rest and recuperation that puts additional demands on the health-care system may have an offsetting positive effect on the health-care industry economy. A study of the “Impact of Tourism on Healthcare in Cornwall” (2004) recognized the economic benefits of tourism to the region. But because of residential-based government funding, it also found significant negative impacts on local finances, efficiency, staffing, public safety, and transportation.

Klazien, Widmer and Busato (2006) found a significant difference between local and non-local resident hospital admission rates in winter sport areas of Switzerland. With its regionally organized health-care system, the authors recommend subsidies to hospitals in winter areas to supply adequate hospital beds and staff throughout the year.

Seasonal visitors and second-home owners present additional issues. They spend heavily in the county and pay property taxes, but demand no primary and secondary educational services (the largest cost of government). One could argue that these visitors are a net benefit to the county. On the other hand, seasonal RV campers who stay in the desert for months probably are a net burden on the land and resources.

One policy issue arising from these factors is the suggestion that seasonal residents should have voting rights (Gale and Gianakis, 2001) that give them some control over the use of taxes paid to support local government. According to the latest economic impact study of Arizona, tourism generates 7.3% of local, state and government revenues. Overall, tourism tax revenues to all levels of government amount to $1,150 per Arizona resident. However, as substantial as this amount is, the question remains whether or not it compensates for the costs of services provided.
Future Visitors

There is no official forecast of the number of tourists to Arizona or Maricopa County, although a reasonable forecast can be made based on recent trends and national forecasts. While tourism is still rebounding after its plunge following the September 11, 2001, terrorist attacks, tourism and hospitality are expected to remain among the most important segments of the local and state economy.

The number of trips taken by U.S. residents has increased 12.6% from 1995 to 2005, currently at about 2 billion person trips per year. This is a growth rate of 1.3% per year. The number of trips to the U.S. by visitors from other countries increased about 10% from 1996 until 2000 (a growth rate of about 2.5% per year) but dropped significantly after 9/11 and is just recently recovering to its 2000 level.

The Arizona Office of Tourism Research Roundup indicates that, overall, those international losses are expected to continue over the next five years, although visitation from Asian countries is expected to increase (China, Hong Kong, Malaysia and Thailand.) On the other hand, all evidence indicates visits from Mexico will increase in the future.

A valuable indicator of the historical intensity of the tourism economy in the State is the Arizona Tourism Barometer, produced by the W.P. Carey Economic Outlook Council. The reference point of 100 is set at June 1994 because that is the month showing the least movement during the sample period. The Arizona Tourism Barometer begins in April 1990 and is reported on a monthly basis.

The pattern shown by this barometer is similar to the pattern suggested in the Dean Runyan data—a period of steady growth followed by a dramatic decline in 2001 and a slow recovery to mid-1990 levels. The post-9/11 increase in the barometer of approximately 25% over five years suggests recent growth of 5% per year.

The Tourism Industry Association forecast is for U.S. domestic travel to increase 8% over the next five years (to 2.147 billion person trips in 2010), and international travel to increase 22% (to 60 million person trips in 2010).

Tourism in the future will not only be larger in volume; it will also be different. A variety of trends have been suggested that will motivate travelers in the near future. Contributors to TRINET (an international list for tourism researchers) suggest that the following are important:

- More baby boomers retiring and traveling, therefore more travel tailored to their wants/needs, such as increases in cruises, staying-healthy travel (health seminars and workshops), motorcycle touring, and gaming
- More travel related to global warming and global warming education, and less consumptive travel among the environmentally conscious
- Travelers perhaps becoming more “shock resistant” to terrorism threats/acts and world events
- Network carriers’ increased focus on international air routes
- New longer-range aircraft opening up new distant market opportunities
- Increased travel during the fall shoulder season
- More buying of second homes/condos—which could mean more baby boomers retreating to that vacation home rather than doing other trips
- High percentage (60%) of U.S. leisure travelers motivated by interest in food/wine experiences

The increase in Arizona visitor numbers has generally followed population growth—averaging more than 30% per decade and higher in the 1980s and 1990s. This has been largely due to increases in business travel and visits to friends and relatives (VFR). VFR has been estimated to account for more than half of Greater Phoenix visits. Since population growth and home construction have slowed, it may signal slowing growth in tourism in Arizona and Maricopa County over the next five years.

Although Phoenix is still not expected to be one to the top 10 city destinations for international travelers, growth in local and regional markets can be expected to keep pace with the DES forecast for Maricopa County population growth of 3.6% per year, bringing total tourists to 35 million by 2012.

The anticipated growth of tourism in Arizona, and the consequential changes in demand for human services, will be felt in all public service categories.
Human Services for Future Tourists

However one values the tourist industry in Maricopa County and Arizona, the tourists promise to only increase in volume, and thus in their needs for the public services noted above and undoubtedly others. Some of these services will not burden local taxpayers, but others will require new investments and operational support, particularly in the less urban areas. Regardless of who will and who should pay for the services, several trends seem likely to require policy attention for the near future:

- An increasing need for skilled service workers
- An increasing demand for “extreme tourism”
- A greater degree of vigilance concerning disease outbreaks
- More emphasis on safety and security
- More bilingual and multilingual workers

Demographic characteristics of future Maricopa County visitors are expected to be changing from those of past visitors. World events have changed the needs and desires of all tourists. The tourism industry workforce is also becoming more diverse. All of these factors will influence the future need for human-services workers.

Arizona’s desert landscapes, unusual wildlife, hikable mountains, and fast water can be attractions to extreme tourists, leading to the need for emergency medical services beyond those of most residents. This will mean an increasing demand for emergency medical services, given that the demand for extreme tourism is expanding, that many visitors to recreation areas are lodged in Maricopa County, and that others are transported here for emergency care.

Because the world is getting smaller, and because diseases can spread rapidly with travelers, tourist populations will create a greater need for the management of disease outbreaks. The analysis of a 1998 summer outbreak of Acute Respiratory Infection in Alaska and the Yukon involved 2,799 cases and four pneumonia-related deaths. Of these, 75% of the cases were tourists, 22% were tourism industry workers and only 3% involved local residents.³ Events like this mean that we must expect an increased burden on local health services. In addition, travel clinics are an increasingly important service to tourists in developing countries, and are soon likely to be needed in the U.S. and other developed countries.

Personal security also looms large on the horizon. David Edgell of East Carolina University, who conducts an annual survey of experts, has concluded that the most important world tourism issue for 2007 is “safety and security.” This implies a greater use of safety and security infrastructure as well as the need for police officers, firefighters, and private security guards. ASU has been sponsoring an Annual Arizona Tourism Safety and Security conference to address some of these needs and has formed a network linking tourism professionals to public safety and security officials.

Overall, the almost 40 million visitors that can be expected in Maricopa County by 2012 will require more and different human services than their predecessors. Needs for safety, security, transportation, medical, informational and recreational services will be greater than ever before. While seasonal residents and new retirees will put even more demands on the service infrastructure, their contributions to the costs of the services will largely compensate for them. In return, these groups may demand a louder voice in local government decisions. On the other hand, some types of visitors may put the burden of public services to tourists on the local taxpayers, especially in less developed areas.

As tourism grows and changes, its human-services needs will require greater numbers of employees capable of interacting with a diverse population of guests and of assuring increased safety and security for guests, while continuing to provide personal comforts. This will force industry employers and human resource managers to deal with a wider range of immigration, diversity, and multicultural issues.
The anticipated growth of tourism in Arizona, and the consequential changes in demand for human services, will be felt in all public service categories. It will bring benefits and costs to many, if not most, residents. For policy makers, it will only enhance the challenges inherent in informing, teaching, comforting, entertaining, treating, protecting, and otherwise serving the Grand Canyon State’s second population, as well as its first.

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NOTES

1 This and much of the following demographic data is from DK Shifflet and Associates.

2 DK Shifflet and Associates conduct national surveys of travelers and use the results to calculate the implied number of visitors to each state and destination while providing visitor demographics. Dean Runyan Associates estimate economic impacts of travel and tourism using employment, sales and tax data for Arizona and its counties. Each source provides an estimate of numbers of travelers, although definitions and regions differ. Dean Runyan Associates report data for Maricopa County while DK Shifflet and Associates report data for the “Central Phoenix region” of Arizona that includes most of Maricopa County (west only to Wickenburg, south only to Gila Bend) and about half of Pinal County (south to Casa Grande and Winkelman). DK Shifflet’s national survey was developed primarily to provide information on domestic U.S. traveler characteristics. However, based on average travel patterns and population sizes in origin communities, they provide estimates of the number of domestic overnight visitors to clients who subscribe to their service.

3 Dean Runyan Associates’ (DRA) research is devoted to the estimate of tourism-related economic activity. Annual changes in their model are linked to changes in owner-occupied housing and air passenger visitor arrivals. DRA cautions that some of their estimates are problematic because the survey data such as for visiting friends and family and vacation home owners is not reliable enough.

4 The primary interest in this chapter is in human services that are provided or subsidized by the public and nonprofit sectors, especially those that may be subject to labor shortages in the future. Many recreational and educational services have those characteristics (e.g. National/State Parks, Historic Places/Sites, Art Museums/Galleries), but commercial entertainment and sporting events (e.g. Gambling, Theme/Amusement Park, Nightlife/Dancing) do not.

5 A person-trip is one person traveling 50 miles (one way) or more away from home and/or overnight. A trip is one or more persons from the same household traveling together.

6 Office of Travel and Tourism Industries/International Trade Administration, U.S. Department of Commerce.

7 While it does not provide an estimate of the number of visitors or travelers to the state, the Barometer does give a long and rich (monthly) history of Arizona tourism based on four indicators that capture different aspects of tourism activity. Since Arizona ranks 10th in the nation as a destination for overseas visitors, non-resident arrivals to the U.S. are used as a one measure. Because of the phenomenal attraction of the Grand Canyon, national park visitation is also used as a component in the barometer. To provide a measure of the impact of tourism in dollars, hotel and motel revenue is included in the barometer. Finally, the number of scheduled aircraft landings reported by the Federal Aviation Administration by 14 airports across Arizona captures economic activity in the local area as well as passenger volume. Each indicator is equally weighted, seasonally adjusted, and standardized.