

Fort Drum Regional Economic Impact – FFY 2017

Presenting the results of the Fort Drum Regional Economic Impact Model



| <u>Impact</u> | <u>Direct</u> | <u>Indirect/Induced</u> | <u>Total Impact</u> |
|------------------------------|---------------|-------------------------|---------------------|
| Gross Output (\$ millions) | \$ 1,262.7* | \$ 437.7 | \$ 1,700.3 |
| GRP (\$ millions) | \$ 927.6 | \$ 277.8 | \$ 1,205.5 |
| Labor Earnings (\$ millions) | \$ 927.6 | \$ 211.9 | \$ 1,139.6 |
| Employment | 18,832 | 5,622 | 24,454 |

Summary of Tri-County Region (Jefferson, Lewis, St. Lawrence) Economic Impacts

The impacts are estimated using an IMPLAN input/output modeling tool developed by Economic Development Research Group, Inc. under contract with the Fort Drum Regional Liaison Organization. Multipliers trace the impact of military and civilian payroll, as well as Fort Drum construction and non-construction expenditures through the regional economy.

So what does this mean? **Direct Impacts** are comprised of payroll for military and civilian on-post employees, including contract workers, and non-payroll spending by Fort Drum to vendors providing goods and services to Fort Drum. **Indirect Impacts** are additional, off-base jobs and income supported by Fort Drum's purchasing of services and supplies from businesses located within the region. Lastly, **Induced Impacts** are the re-spending of wages associated with both direct and indirect impacts. As workers re-spend their income on consumer purchases, they generate business sales and employment in other sectors of the economy.

Gross Business Output –

Fort Drum's payroll, construction, and non-construction spending for FFY 2017 totaled \$1,262.7 million*. This included \$267.51 million in goods and services purchased directly from the tri-county region's businesses. The re-circulation of Fort Drum payroll and base spending through the economy created \$437.7 million in additional business sales that can then be added to the installation's \$1,262.7* million in direct spending for the purposes of measuring the total annual economic activity within the region. This yields a total gross business output of \$1,700.3 million (1.70 billion) during FFY 2017.

Gross Regional Product (GRP) –

GRP is a measure of value-added economic activity actually occurring in the region. It is calculated as the value of business output in the region minus the cost of materials and services purchased from other businesses in or outside the region. It thus represents the value of wages plus net business profits. Since Fort Drum does not produce any value-added commodities, its direct value-added activity is therefore limited to the \$927.6 million in wages entering the region's economy. Adding its indirect/induced GRP of \$277.8 million (netted from the indirect Gross Output in the line above) yields a total GRP of \$1,205.5 million (1.2 billion) during FFY 2017.

Impact on Labor Earnings –

Of Fort Drum's indirect and induced effects on GRP (\$437.7 million), \$211.9 million is wage income related to off-post jobs. Adding Fort Drum's \$927.6 billion in direct payroll entering the regional economy yields a total personal income impact of \$1,139.6 million (1.14 billion) during FFY 2017.

Impact on Employment –

The employment created by this additional economic impact includes 5,622 additional tri-county jobs outside of Fort Drum that would not exist otherwise. In other words, these 5,622 jobs are associated with the additional \$211.9 million in wages cited above. Adding Fort Drum's 15,110 military jobs and the 3,722 civilian jobs yields a total employment impact of 24,454 jobs during FFY 2017. Federal Fiscal Year 2017 was October 1, 2016 to September 30, 2017.

Note that the Gross Output, GRP, and Labor Earning are alternative views of the same economic impacts and cannot be added together. *Direct total may not match data published by Fort Drum due to tabulation variables.

Figure 1: Indirect & Induced Job Impact by Industry in Tri-County Region in Fiscal Year 2017

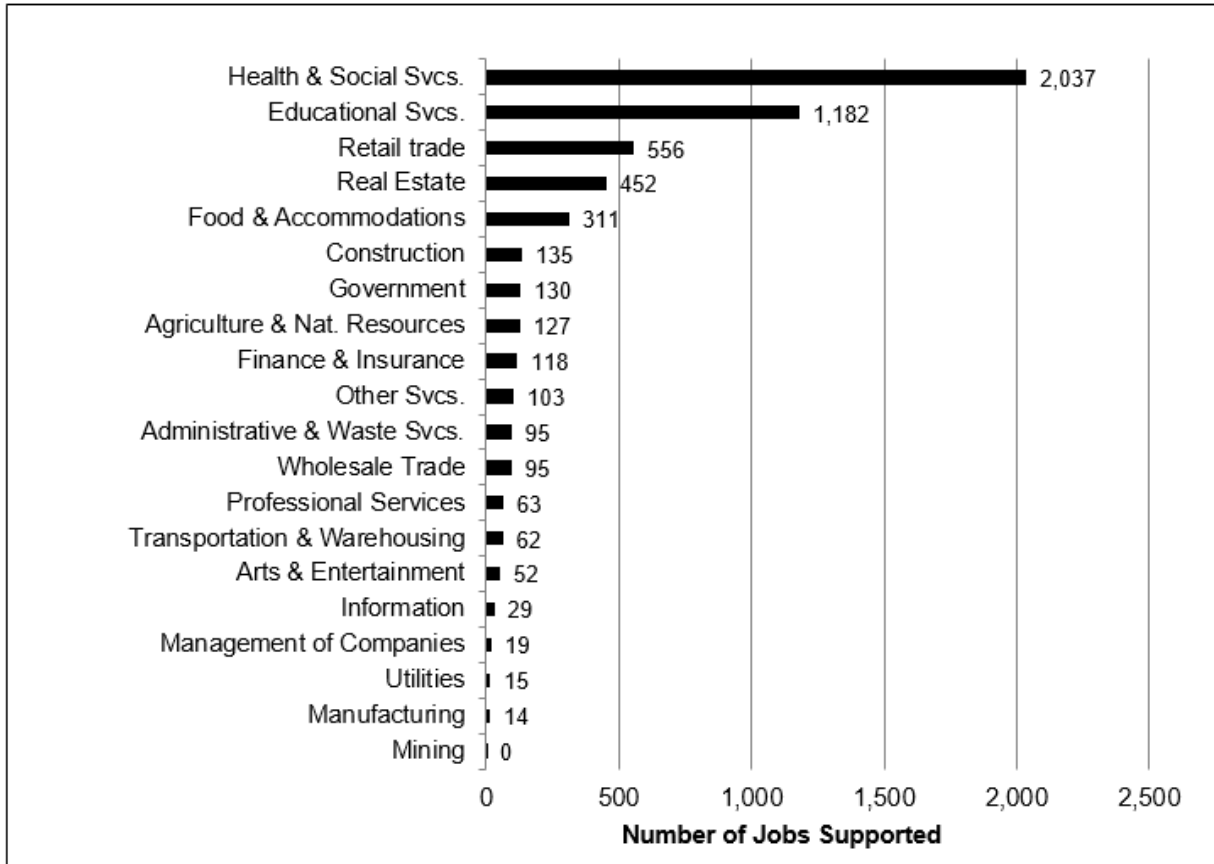
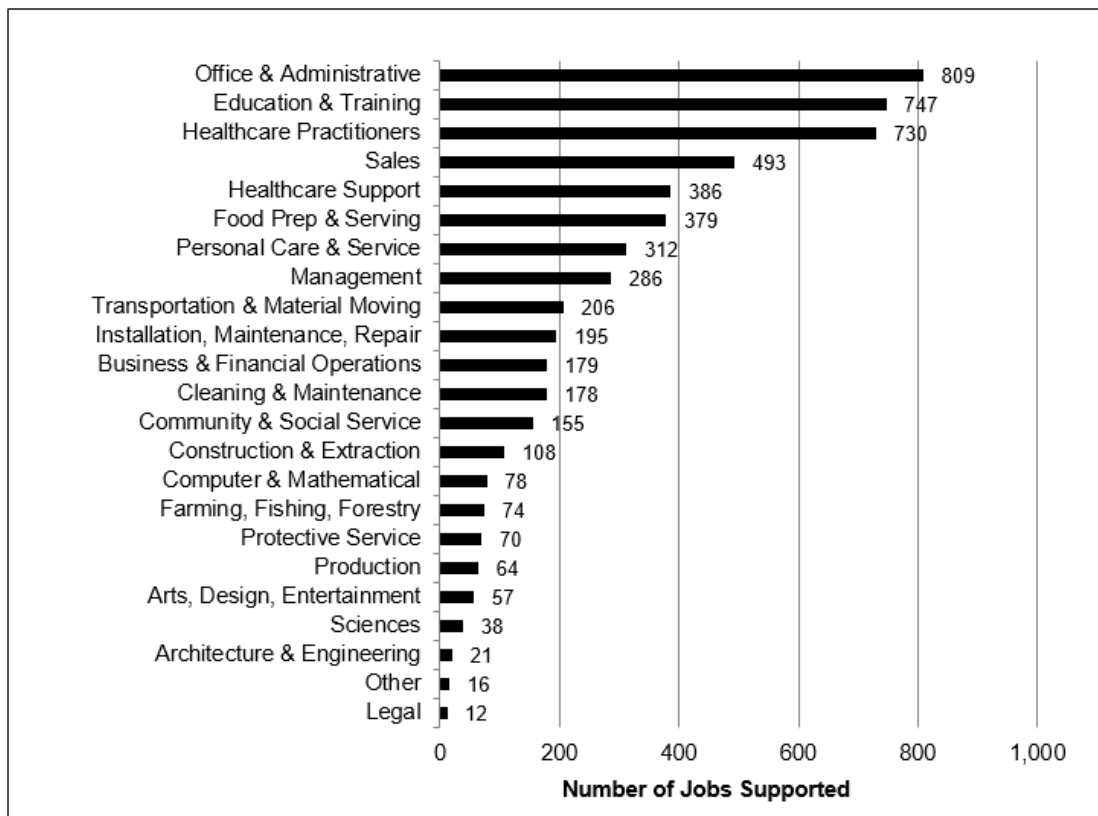


Figure 2: Indirect & Induced Job Impact by Occupation in Tri-County Region in Fiscal Year 2017



Historical Summary of Fort Drum Economic Impact

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| JOBS | | | | | | | | | | | | | |
| Military Personnel | 15,082 | 17,438 | 16,950 | 18,681 | 18,023 | 19,447 | 19,978 | 19,024 | 18,060 | 17,269 | 15,457 | 15,069 | 15,110 |
| Civilian Personnel | 3,626 | 3,712 | 3,960 | 4,396 | 4,782 | 4,826 | 4,614 | 4,544 | 3,895 | 3,799 | 3,857 | 3,785 | 3,722 |
| Fort Drum Employment - Direct | 18,708 | 21,150 | 20,910 | 23,077 | 22,805 | 24,273 | 24,592 | 23,568 | 21,955 | 21,068 | 19,314 | 18,854 | 18,832 |
| Estimated Indirect and Induced Jobs | 6,338 | 8,327 | 7,918 | 9,769 | 8,134 | 7,261 | 8,130 | 7,590 | 6,491 | 6,195 | 5,973 | 6,297 | 5,622 |
| Jobs - Total Effect | 25,046 | 29,477 | 30,804 | 34,898 | 33,182 | 33,798 | 32,722 | 31,158 | 28,446 | 27,263 | 25,287 | 25,151 | 24,454 |
| Impact as % of total regional employment | | | | | | | | | | | | 23.00% | 22% |
| SPENDING | | | | | | | | | | | | | |
| Direct Spending (in billions) | \$ 0.87 | \$ 1.26 | \$ 1.47 | \$ 1.71 | \$ 1.58 | \$ 1.54 | \$ 1.64 | \$ 1.50 | \$ 1.47 | \$ 1.40 | \$ 1.28 | \$ 1.25 | \$ 1.26 |
| Indirect and Induced - Estimate | \$ 0.42 | \$ 0.59 | \$ 0.57 | \$ 0.81 | \$ 0.55 | \$ 0.40 | \$ 0.51 | \$ 0.36 | \$ 0.42 | \$ 0.37 | \$ 0.38 | \$ 0.39 | \$ 0.44 |
| Total Estimated Economic Impact | \$ 1.29 | \$ 1.84 | \$ 2.04 | \$ 2.52 | \$ 2.13 | \$ 1.94 | \$ 2.15 | \$ 1.86 | \$ 1.89 | \$ 1.76 | \$ 1.66 | \$ 1.64 | \$ 1.70 |
| Impact as a % of Regional GDP | | | | | | | 18.80% | 15.40% | 14.80% | 14.30% | 12.80% | 13.30% | 11.60% |

| | | | | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| Retirees (retiree survivors included) | 1,918 | 1,976 | 2,052 | 2,173 | 2,262 | 2,353 | *2,476 | *2,875 | *3,035 | *3,129 | *3,284 | *3,490 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|

Sources: Fort Drum Economic Impact Statements
Fort Drum Regional Economic Impact Model