



2018 Fort Drum Regional Economic Impact

A Report on the Direct, Indirect, and Induced Impacts of Fort Drum Spending for the Federal Fiscal Year Ending September 30, 2018.

The Model:

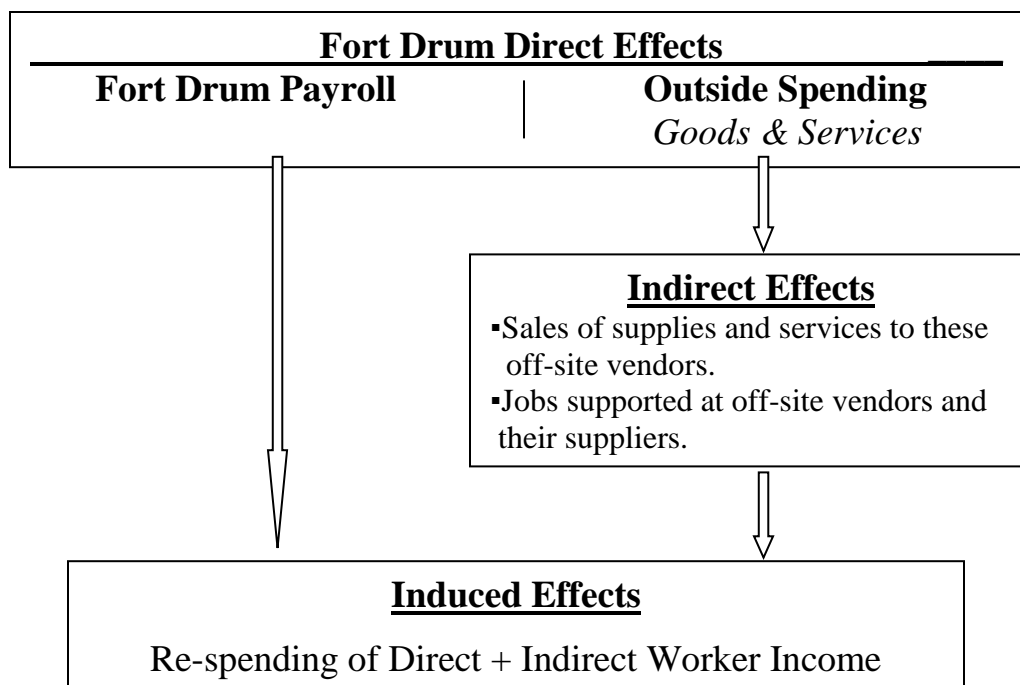
The Fort Drum Regional Liaison Organization's economic impact model for Fort Drum spending is an IMPLAN based model developed by the Economic Development Research Group, Inc., Boston, MA. The model is maintained by the Jefferson County Planning Department, which inputs the data. The inputs are provided by Fort Drum in its annual Economic Impact Statement, which reports spending in several categories. In calculating the economic outputs, the model identifies direct impacts by sector and then develops a set of indirect and induced impacts by sector through the use of industry-specific multipliers, local purchase coefficients, income-to-output ratios, demographic patterns, and other factors and relationships.

Types of impacts:

Direct Impacts – The direct economic effects comprised of 1) payroll (military and civilian on-post employees, including contract workers) spent by the US Department of Defense, and 2) non-payroll (outside) spending by the Department of Defense to vendors providing goods and services to Fort Drum.

Indirect Impacts – The indirect economic effects are additional business sales, off-site jobs, and income supported by Fort Drum's non-payroll expenditures for services and supplies. The magnitude of the total indirect effect depends on the types of purchases made and the extent to which those purchases go to businesses located within the region.

Induced Impacts – The economic result from re-spending of the wages associated with direct and indirect employment. As workers re-spend their income on consumer purchases, they generate business sales and employment in other sectors of the economy.



Fort Drum Regional Economic Impact –

FFY 2018 Presenting the results of the Fort Drum Regional Economic Impact Model

<i>Economic Impacts</i>	<i>Direct</i>	<i>Indirect/Induced</i>	<i>Total</i>
Gross Output (\$ millions)	\$ 1,423.6*	\$ 453.2	\$ 1,876.8
GRP (\$ millions)	\$ 966.5	\$ 292.7	\$ 1,340.5
Labor Earnings (\$ millions)	\$ 966.5	\$ 239.8	\$ 1,287.3
Employment	19,086	6,485	25,571



Tri-County Impacts - Fort Drum Regional Economic Impact Model

The Tri-County economic 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 2018 totaled \$1,423.6 million*. This included \$268.2 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 \$453.2 million in additional business sales that can then be added to the installation’s \$1,423.6* 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 \$1,876.8 million (1.88 billion) during FFY 2018.

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 \$966.5 million in wages entering the region’s economy. Adding its indirect/induced GRP of \$292.7 million (netted from the indirect Gross Output in the line above) yields a total GRP of \$1,340.5 million (1.34 billion) during FFY 2018.

Impact on Labor Earnings –

Of Fort Drum’s indirect and induced effects on GRP (\$453.8 million), \$239.8 million is wage income related to off-post jobs. Adding Fort Drum’s \$966.5 billion in direct payroll entering the regional economy yields a total personal income impact of \$1,287.3 million (1.29 billion) during FFY 2018.

Impact on Employment –

The employment created by this additional economic impact includes 6,485 additional tri-county jobs outside of Fort Drum that would not exist otherwise. In other words, these 6,485 jobs are associated with the additional \$239.8 million in wages cited above. Adding Fort Drum’s 14,960 military jobs and the 4,126 civilian jobs yields a total employment impact of 25,571 jobs during FFY 2018. Federal Fiscal Year 2018 was October 1, 2017 to September 30, 2018.

*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.*

Economic Impacts (jobs and millions of dollars)

Direct Impact (Fort Drum operation), by place-of-residence*	Jefferson County	Lewis County	St. Lawrence County	Rest of New York State	Total
Gross Output	\$1,285.2	\$61.5	\$45.3	\$31.6	\$1,423.6
GRP (Value Added)	\$966.5	\$55.9	\$12.2	\$13.1	\$1,047.8
Labor Earnings (Wages & Salaries)	\$966.5	\$55.9	\$12.2	\$13.1	\$1,047.8
Employment	17,611	1,018	221	237	19,086

* Fort Drum is located in Jefferson Co.; this table shows how direct impacts accrue to residents of Jefferson Co. and other areas.

Indirect & Induced Impact (beyond Fort Drum), by location of impact

Gross Output	\$432.9	\$8.7	\$2.2	\$9.4	\$453.2
GRP (Value Added)	\$279.6	\$5.6	\$1.4	\$6.1	\$292.7
Labor Earnings (Wages & Salaries)	\$228.7	\$4.6	\$1.2	\$5.0	\$239.5
Employment	6,194	125	32	135	6,485

Total Impact

Gross Output	\$1,718.1	\$70.2	\$47.5	\$41.0	\$1,876.8
GRP (Value Added)	\$1,246.1	\$61.6	\$13.7	\$19.2	\$1,340.5
Labor Earnings (Wages & Salaries)	\$1,195.2	\$60.6	\$13.4	\$18.1	\$1,287.3
Employment	23,805	1,143	252	371	25,571

Local Fiscal Impacts (millions of dollars)**

Tax Revenues	Jefferson County	Lewis County	St. Lawrence County	Rest of New York State	Total
Property Tax	\$35.0	\$1.8	\$2.3	\$0.5	\$39.5
Sales Tax	\$39.9	\$2.2	\$2.9	\$0.6	\$45.5
Federal/State/Other Aid	\$22.2	\$1.3	\$1.7	\$0.3	\$25.5
Aid to School Districts	\$92.0	\$6.0	\$8.7	\$1.1	\$107.9
Other Revenue	\$0.4	\$0.0	\$0.0	\$0.0	\$0.5
Total Revenue Impact	\$189.5	\$11.3	\$15.7	\$2.6	\$219.0

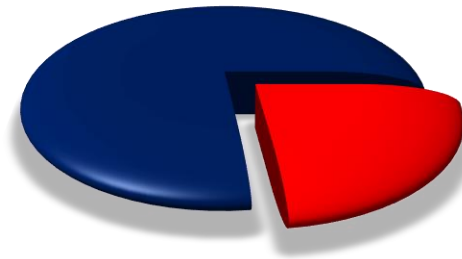
State Fiscal Impacts (millions of dollars)***

Tax Revenues	Jefferson County	Lewis County	St. Lawrence County	Rest of New York State	Total
Personal Income Tax	\$66.3	\$4.4	\$0.3	\$0.5	\$71.5
Sales Tax	\$60.9	\$4.0	\$0.3	\$0.2	\$65.4
Business Taxes	\$5.0	\$0.3	\$0.0	\$0.0	\$5.4
Other Taxes	\$55.0	\$3.6	\$5.2	\$0.7	\$64.5
Gaming/Lottery/Casino	\$8.5	\$0.6	\$0.8	\$0.1	\$10.0
Total Revenue Impact	\$195.7	\$12.8	\$6.6	\$1.6	\$216.8

** Includes revenues to and expenditures by counties, cities, towns, villages, school districts, and fire districts

*** Direct impacts only

Fort Drum Related Workforce



■ Fort Drum Related Workforce
 ■ Non-Fort Drum Related Workforce

Military personnel	14,960	
Civilian personnel	4,126	
Indirect off-post jobs	<u>6,485</u>	
	25,571	<i>Total Fort Drum related employment</i>

*The Fort Drum related workforce (direct & indirect) represents **23% of wage earners** in the Tri-County region.*

Total regional employment, September 30, 2018 (From NYS Dept. of Labor)

Jefferson County	43,400	
Lewis County	11,200	
St. Lawrence County	41,600	
Active Military*	<u>14,960</u>	
	111,160	

** Active military personnel are not included in DOL reporting and have to be added. Civilian personnel are already included in DOL data.*

Fort Drum is also the largest single-site employer in New York State.

Figure 1: Indirect & Induced Job Impact by Industry in Tri-County Region in Fiscal Year 2018

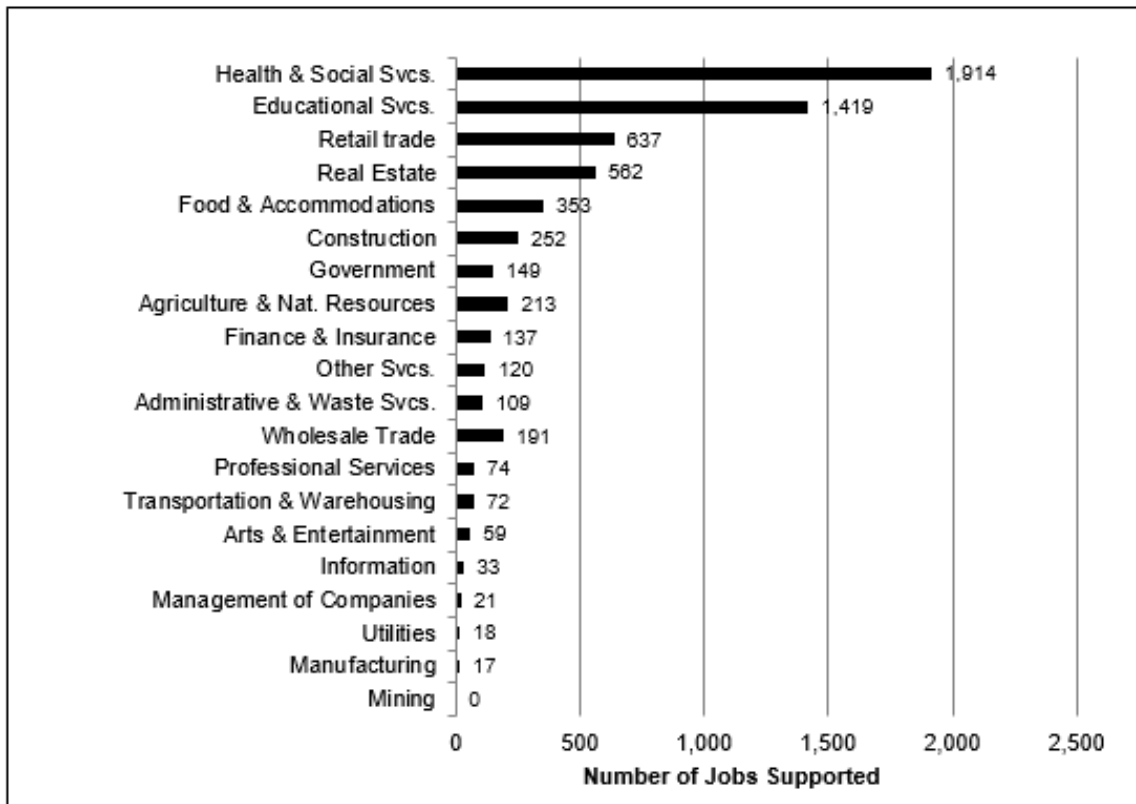


Figure 2: Indirect & Induced Job Impact by Occupation in Tri-County Region in Fiscal Year 2018



Historical Summary of Fort Drum Regional Economic Impact

JOBS	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Military Personnel	18,023	19,447	19,978	19,024	18,060	17,269	15,457	15,069	15,110	14,960
Civilian Personnel	4,782	4,826	4,614	4,544	3,895	3,799	3,857	3,785	3,722	4,126
Fort Drum Employment -Direct	22,805	24,273	24,592	23,568	21,955	21,068	19,314	18,854	18,832	19,086
Indirect and Induced Jobs	8,134	7,261	8,130	7,590	6,491	6,195	5,973	6,297	5,622	6,485
Jobs – Total Effect	33,152	33,796	32,722	31,158	28,446	27,263	25,287	25,151	24,454	25,571
Jobs as % of total employment	27.6%	27.4%	27.5%	26.2%	24.0%	23.8%	22.6%	22.8%%	22.2%	23%
SPENDING										
Direct Spending (in billions)	\$1.58	\$1.54	\$1.64	\$1.50	\$1.47	\$1.40	\$1.28	\$1.25	\$1.26	\$1.42
Indirect and Induced-Estimate	\$0.55	\$0.40	\$0.51	\$0.36	\$0.42	\$0.37	\$0.38	\$0.39	\$0.44	\$0.45
Total Economic Impact	\$2.13	\$1.94	\$2.15	\$1.86	\$1.89	\$1.76	\$1.66	\$1.64	\$1.70	\$1.88
Impact as a % of Regional GDP	20.4%	19.9%	18.8%	15.4%	14.8%	14.3%	12.8%	13.3%	11.6%	14.7%
Retirees (*survivors included)	2,173	2,262	2,353	*2,476	*2,875	*3,035	*3,129	*3,284	*3,490	3,586

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