



## **2019 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, 2019.

**The Model:**

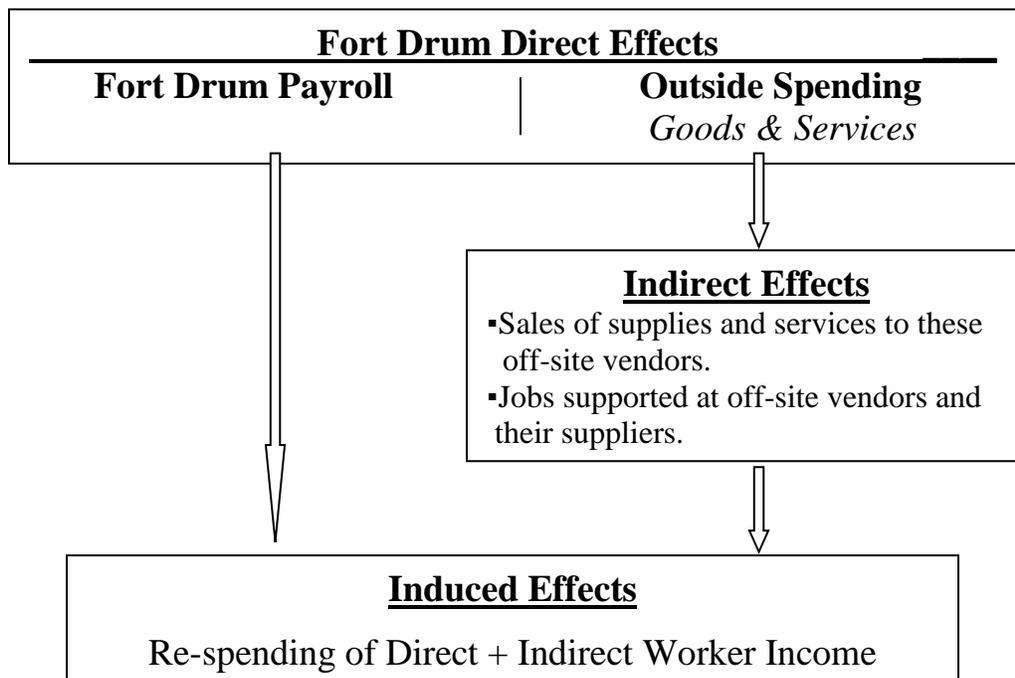
The Fort Drum Regional Liaison Organization’s economic impact model for Fort Drum spending is an IMPLAN based model developed by the Economic Development Research Group, Inc., Boston, MA. The model is maintained by the Jefferson County Planning Department, which inputs the data. The inputs are provided 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 2019** Presenting the results of the Fort Drum Regional Economic Impact Model



<u>Economic Impacts</u>	<u>Direct</u>	<u>Indirect/Induced</u>	<u>Total</u>
Gross Output (\$ millions)	\$ 1,336.7*	\$ 359.2	\$ 1,695.9
GRP (\$ millions)	\$ 1,036.7	\$ 242.2	\$ 1,278.9
Labor Earnings (\$ millions)	\$ 1,036.7	\$ 197.6	\$ 1,234.3
Employment	19,148	5,465	24,613

## 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 2019 totaled \$1,336.7 million\*. This included \$266.5 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 \$359.2 million in additional business sales that can then be added to the installation’s \$1,336.7\* 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 \$1,695.9 million (1.7 billion) during FFY 2019.

### 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 \$962.1 million in wages entering the region’s economy. Adding its indirect/induced GRP of \$242.2 million (netted from the indirect Gross Output in the line above) yields a total GRP of \$1,278.9 million (1.28 billion) during FFY 2019.

### Impact on Labor Earnings –

Of Fort Drum’s indirect and induced effects on GRP (\$359.2 million), \$197.6 million is wage income related to off-post jobs. Adding Fort Drum’s \$962.1 billion in direct payroll entering the regional economy yields a total personal income impact of \$1,234.3 million (1.23 billion) during FFY 2019.

### Impact on Employment –

The employment created by this additional economic impact includes 5,465 additional tri-county jobs outside of Fort Drum that would not exist otherwise. In other words, these 5,465 jobs are associated with the additional \$197.6 million in wages cited above. Adding Fort Drum’s 15,154 military jobs and the 3,994 civilian jobs yields a total employment impact of 24,613 jobs during FFY 2019. The 2019 Federal Fiscal Year ran from October 1, 2018 to September 30, 2019.

*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)

<b>Direct Impact (Fort Drum operation), by place-of-residence*</b>	<b>Jefferson County</b>	<b>Lewis County</b>	<b>St. Lawrence County</b>	<b>Rest of New York State</b>	<b>Total</b>
Gross Output	\$1,217.1	\$58.1	\$47.4	\$14.1	\$1,336.7
GRP (Value Added)	\$962.1	\$52.3	\$13.2	\$9.1	\$1,036.7
Labor Earnings (Wages & Salaries)	\$962.1	\$52.3	\$13.2	\$9.1	\$1,036.7
Employment	17,796	957	236	160	19,148

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

<b>Indirect &amp; Induced Impact (beyond Fort Drum), by location of impact</b>					
Gross Output	\$347.7	\$7.6	\$2.1	\$1.8	\$359.2
GRP (Value Added)	\$234.5	\$5.1	\$1.4	\$1.2	\$242.2
Labor Earnings (Wages & Salaries)	\$191.3	\$4.2	\$1.2	\$1.0	\$197.6
Employment	5,291	115	32	27	5,465

<b>Total Impact</b>					
Gross Output	\$1,564.7	\$65.6	\$49.6	\$15.9	\$1,695.9
GRP (Value Added)	\$1,196.6	\$57.4	\$14.6	\$10.3	\$1,278.9
Labor Earnings (Wages & Salaries)	\$1,153.4	\$56.5	\$14.3	\$10.1	\$1,234.3
Employment	23,087	1,072	268	187	24,613

## Local Fiscal Impacts (millions of dollars)\*\*

<b>Tax Revenues</b>	<b>Jefferson County</b>	<b>Lewis County</b>	<b>St. Lawrence County</b>	<b>Rest of New York State</b>	<b>Total</b>
Property Tax	\$27.7	\$1.3	\$1.8	\$0.2	\$31.0
Sales Tax	\$38.9	\$2.1	\$3.1	\$0.3	\$44.3
Federal/State/Other Aid	\$17.1	\$0.9	\$1.4	\$0.1	\$19.5
Aid to School Districts	\$93.6	\$5.8	\$9.4	\$0.8	\$109.6
Other Revenue	\$0.4	\$0.0	\$0.0	\$0.0	\$0.5
<b>Total Revenue Impact</b>	<b>\$177.6</b>	<b>\$10.2</b>	<b>\$15.7</b>	<b>\$1.4</b>	<b>\$204.9</b>

## State Fiscal Impacts (millions of dollars)\*\*\*

<b>Tax Revenues</b>	<b>Jefferson County</b>	<b>Lewis County</b>	<b>St. Lawrence County</b>	<b>Rest of New York State</b>	<b>Total</b>
Personal Income Tax	\$66.6	\$4.2	\$0.4	\$0.0	\$71.2
Sales Tax	\$61.7	\$3.9	\$0.4	\$0.0	\$65.9
Business Taxes	\$5.1	\$0.3	\$0.0	\$0.0	\$5.4
Other Taxes	\$55.7	\$3.5	\$5.6	\$0.5	\$65.3
Gaming/Lottery/Casino	\$8.6	\$0.5	\$0.9	\$0.1	\$10.1
<b>Total Revenue Impact</b>	<b>\$197.8</b>	<b>\$12.4</b>	<b>\$7.2</b>	<b>\$0.5</b>	<b>\$217.9</b>

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

\*\*\* Direct impacts only

## JOBS IMPACT

**With 19,148 civilian & military personnel, Fort Drum is the largest single-site employer in New York State.**

Fort Drum related employment:

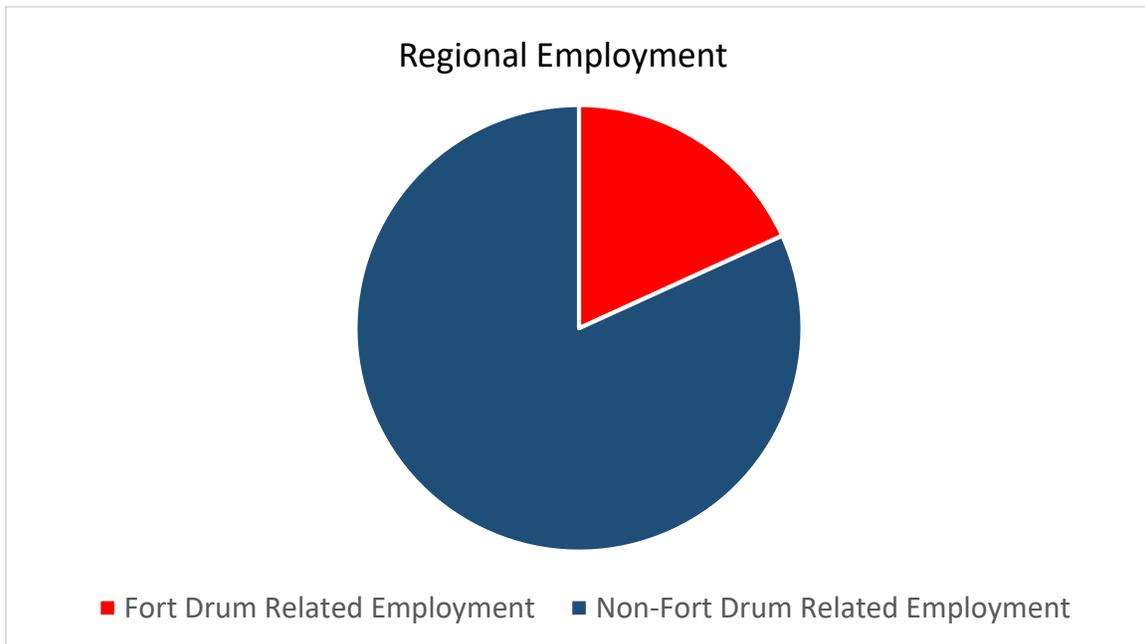
Military personnel	15,154
Civilian personnel	<u>3,994</u>
	19,148
Indirect off-post jobs	<u>5,465</u>
<b><i>Total Fort Drum related employment</i></b>	<b>24,613</b>

Total regional employment, September 30, 2019 (From NYS Dept. of Labor)

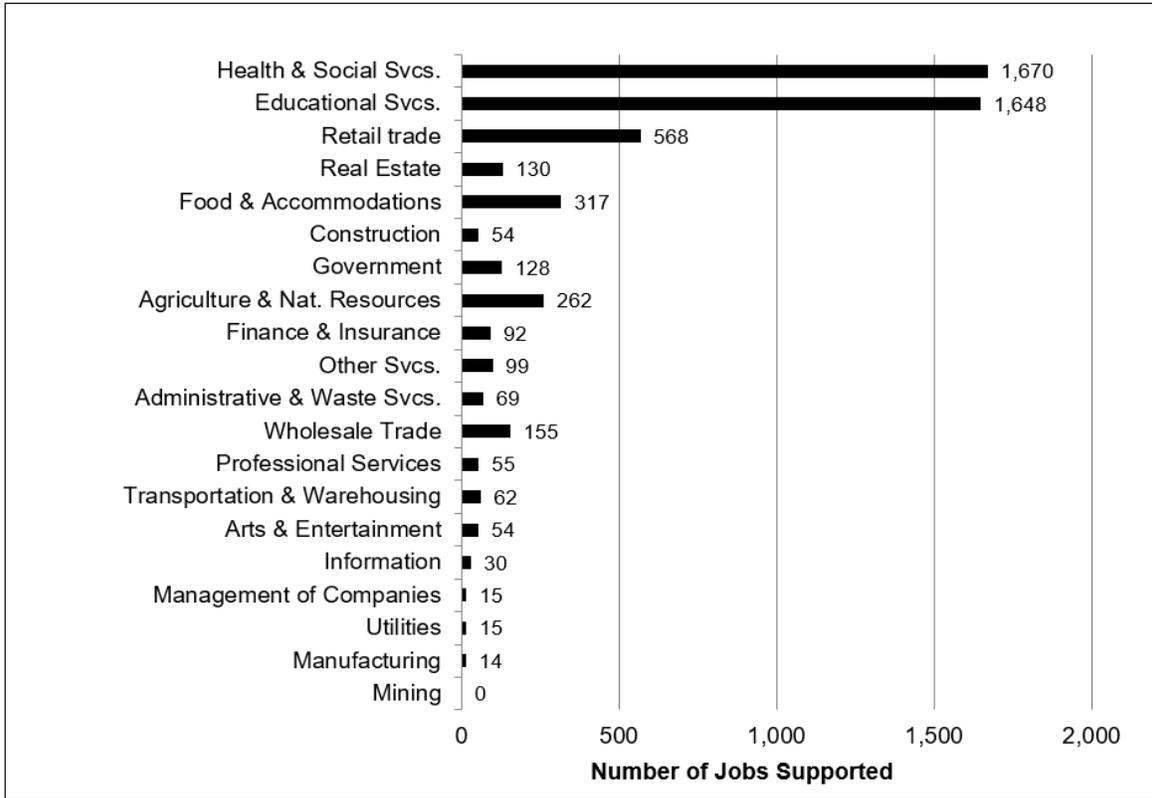
Jefferson County	42,400
Lewis County	11,200
St. Lawrence County	41,900
Active Military*	<u>15,154</u>
	110,654

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

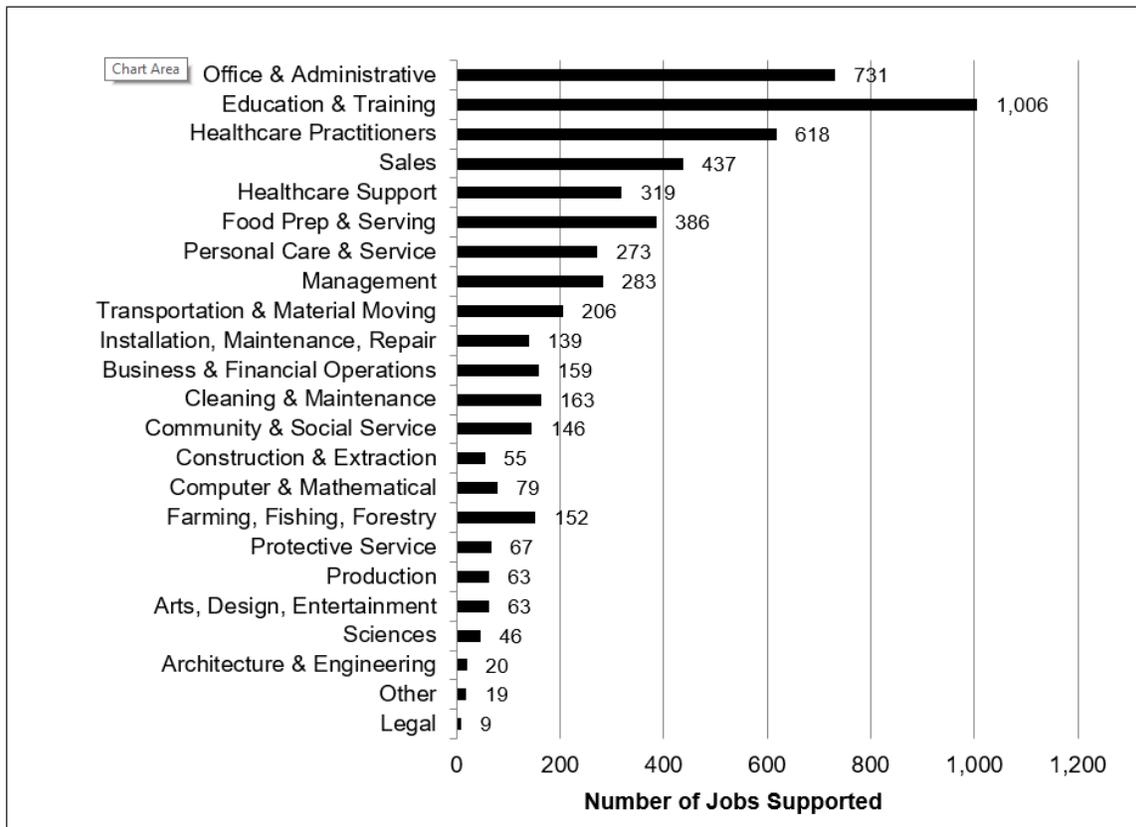
**Fort Drum related jobs (direct & indirect) represents 22% of wage earners in the Tri-County region.**



**Figure 1: Indirect & Induced Job Impact by Industry in Tri-County Region in Fiscal Year 2019**



**Figure 2: Indirect & Induced Job Impact by Occupation in Tri-County Region in Fiscal Year 2019**



## Historical Summary of Fort Drum Regional Economic Impact

<b>JOBS</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Military Personnel	19,447	19,978	19,024	18,060	17,269	15,457	15,069	15,110	14,960	15,154
Civilian Personnel	4,826	4,614	4,544	3,895	3,799	3,857	3,785	3,722	4,126	3,994
Fort Drum Employment - Direct	24,273	24,592	23,568	21,955	21,068	19,314	18,854	18,832	19,086	19,148
Indirect and Induced Jobs	7,261	8,130	7,590	6,491	6,195	5,973	6,297	5,622	6,485	5,465
<b>Jobs – Total Effect</b>	<b>33,796</b>	<b>32,722</b>	<b>31,158</b>	<b>28,446</b>	<b>27,263</b>	<b>25,287</b>	<b>25,151</b>	<b>24,454</b>	<b>25,571</b>	<b>24,613</b>
Jobs as % of total employment	27.4%	27.5%	26.2%	24.0%	23.8%	22.6%	22.8%	22.2%	23%	22.2%
<b>SPENDING</b>										
Direct Spending (in billions)	\$1.54	\$1.64	\$1.50	\$1.47	\$1.40	\$1.28	\$1.25	\$1.26	\$1.42	\$1.34
Indirect and Induced- Estimate	\$0.40	\$0.51	\$0.36	\$0.42	\$0.37	\$0.38	\$0.39	\$0.44	\$0.45	\$0.36
Total Economic Impact	<b>\$1.94</b>	<b>\$2.15</b>	<b>\$1.86</b>	<b>\$1.89</b>	<b>\$1.76</b>	<b>\$1.66</b>	<b>\$1.64</b>	<b>\$1.70</b>	<b>\$1.88</b>	<b>\$1.70</b>
Impact as a % of Regional GDP	19.9%	18.8%	15.6%	15%	14.5%	12.9%	13.4%	11.6%	12.5%	11.6%
Retirees (*survivors included)	2,262	2,353	*2,476	*2,875	*3,035	*3,129	*3,284	*3,490	*3,586	*3,858

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