



2020 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, 2020.

The Model:

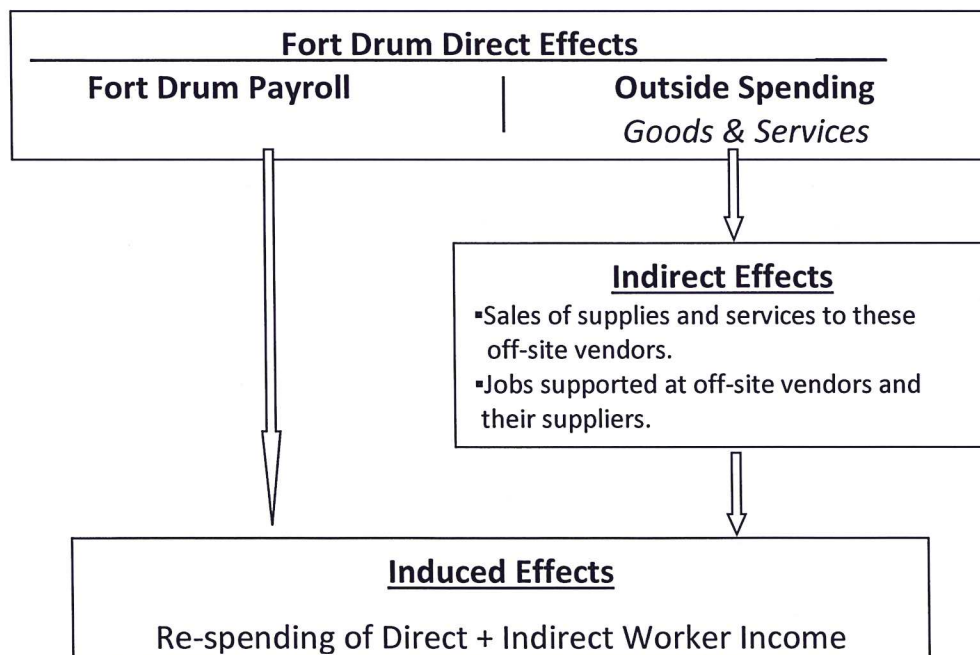
The Fort Drum Regional Liaison Organization's economic impact model for Fort Drum spending is an IMPLAN based model developed by the Economic Development Research Group, Inc., Boston, MA. The model is maintained by the Jefferson County Planning Department, which inputs the data. The inputs are provided 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 2020

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)	\$ 1,418.4*	\$ 407.6	\$ 1,826.0
GRP (\$ millions)	\$ 1,069.0	\$ 267.9	\$ 1,336.9
Labor Earnings (\$ millions)	\$ 1,069.0	\$ 220.6	\$ 1,289.6
Employment	18,910	6,058	24,968



**Direct total may not match data published by Fort Drum due to tabulation variables.*

Gross Output, GRP, and Labor Earning are alternative views of the same economic impacts and cannot be added together.

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 Advocate Drum. 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 2020 totaled \$1,418.4 million*. This included \$271.65 million in goods and services purchased directly from the tri-county region's businesses. The re-circulation of Fort Drum spending and payroll through the economy created \$407.6 million in additional business sales that can be added to the installation's \$1,418.4* 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 \$1,826.0 million (1.8 billion) during FFY 2020.

Gross Regional Product (GRP) –

GRP is a measure of value-added economic activity occurring within the region. It is 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 limited to the \$1,069.0 million in wages entering the region's economy. Adding its indirect/induced GRP of \$267.9 million yields a total FFY 2020 GRP of \$1,336.9 million (1.337 billion).

Impact on Labor Earnings –

Of Fort Drum's indirect and induced effects on GRP (\$407.6 million), \$220.6 million is wage income related to off-post jobs. Adding Fort Drum's \$1069 billion in direct payroll entering the regional economy yields a total personal income impact of \$1,289.6 million (1.29 billion) during FFY 2020.

Impact on Employment –

The employment created by this additional economic impact includes 6,058 additional tri-county jobs outside of Fort Drum that would not exist otherwise. In other words, these 6,058 jobs are associated with the additional \$220.6 million in wages cited above. Adding Fort Drum's 14,998 military jobs and the 3,912 civilian jobs yields a total employment impact of 24,968 jobs during FFY 2020. Federal Fiscal Year 2020 was October 1, 2019 to September 30, 2020.

Individual County Economic Impacts within the Tri-County Area and the Rest of New York State – 2020

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	\$1,287.9	\$56.8	\$50.3	\$23.3	\$1,418.4
GRP (Value Added)	\$994.6	\$48.6	\$16.7	\$9.1	\$1,069.0
Labor Earnings (Wages & Salaries)	\$994.6	\$48.6	\$16.7	\$9.1	\$1,069.0
Employment	17,609	854	291	156	18,910

* 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	\$394.3	\$7.4	\$3.0	\$2.9	\$407.6
GRP (Value Added)	\$259.2	\$4.9	\$2.0	\$1.9	\$267.9
Labor Earnings (Wages & Salaries)	\$213.4	\$4.0	\$1.6	\$1.5	\$220.6
Employment	5,861	110	44	42	6,058

Total Impact

Gross Output	\$1,682.3	\$64.2	\$53.3	\$26.2	\$1,826.0
GRP (Value Added)	\$1,253.7	\$53.5	\$18.7	\$11.0	\$1,336.9
Labor Earnings (Wages & Salaries)	\$1,208.0	\$52.6	\$18.3	\$10.7	\$1,289.6
Employment	23,469	964	336	199	24,968

Note: Direct impacts occur on-base; indirect and induced impacts occur elsewhere in the region/state. Fort Drum is located in Jefferson County, this table shows how direct impacts accrue to residents of Jefferson, St. Lawrence, and Lewis Counties as well as the rest of New York State.

Local Fiscal Impacts (millions of dollars)**

Tax Revenues	Jefferson County	Lewis County	St. Lawrence County	Rest of New York State	Total
Property Tax	\$30.1	\$1.4	\$1.6	\$0.2	\$33.3
Sales Tax	\$36.1	\$1.8	\$2.1	\$0.3	\$40.3
Federal/State/Other Aid	\$15.4	\$0.8	\$0.9	\$0.1	\$17.3
Aid to School Districts	\$59.6	\$3.6	\$4.6	\$0.5	\$68.3
Other Revenue	\$0.3	\$0.0	\$0.0	\$0.0	\$0.4
Total Revenue Impact	\$141.6	\$7.5	\$9.3	\$1.2	\$159.5

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

*** Direct impacts only

JOBS IMPACT

With 18,910 civilian & military personnel, Fort Drum is the largest single-site employer in New York State.

Fort Drum related employment:

Military personnel	14,998
Civilian personnel	<u>3,912</u>
	18,910
Indirect off-post jobs	<u>6,058</u>

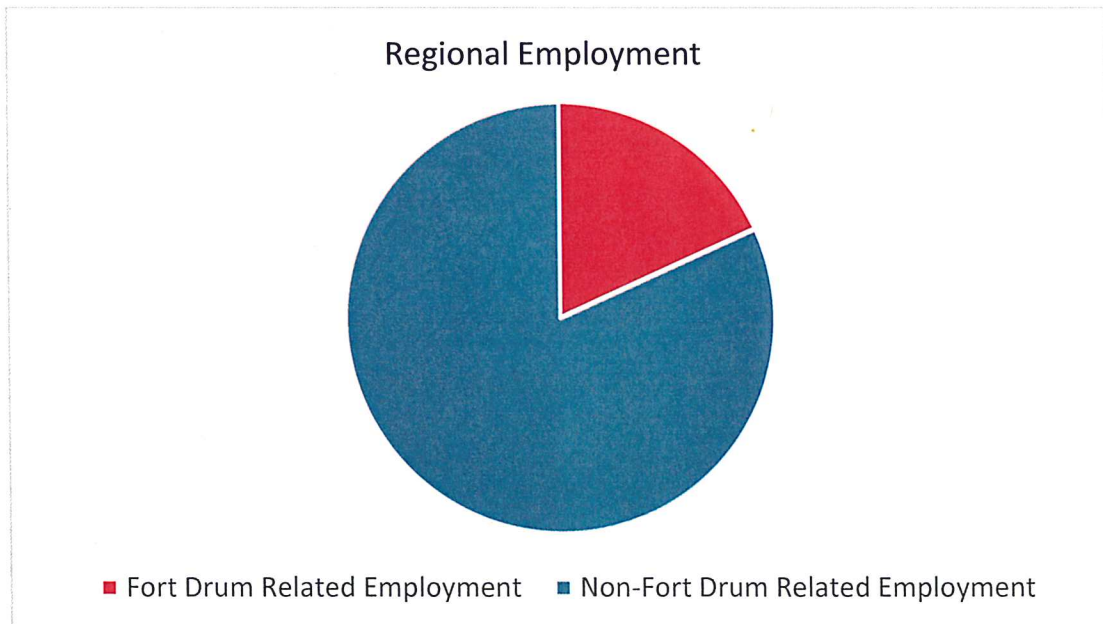
Total Fort Drum related employment 24,968

Total regional employment, September 30, 2020 (From NYS Dept. of Labor)

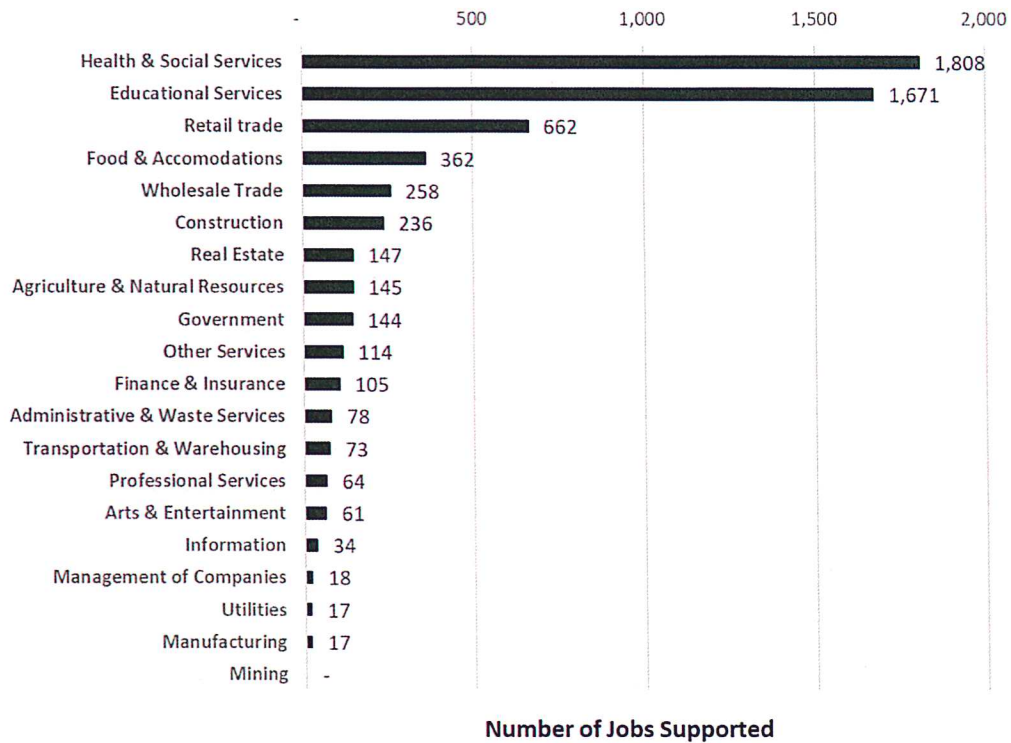
Jefferson County	39,700
Lewis County	10,600
St. Lawrence County	41,400
Active Military*	<u>14,998</u>
	106,698

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

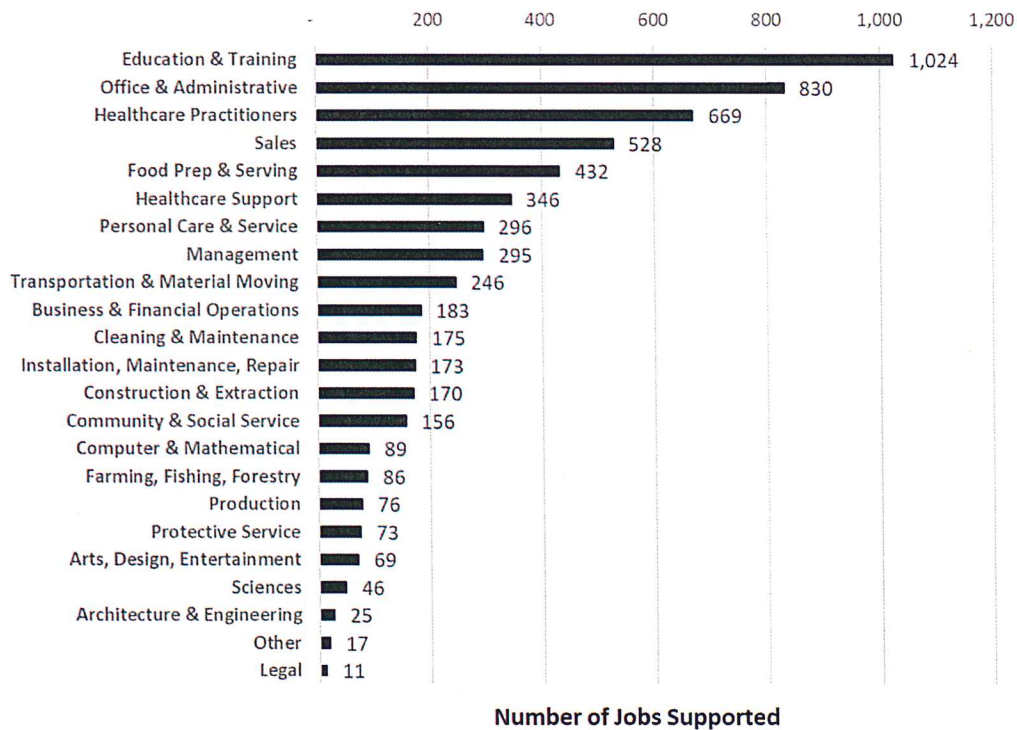
Fort Drum related jobs (direct & indirect) represents 23% of wage earners in the Tri-County region.



**Figure 1. Indirect & Induced Job Impact *by Industry*
in Tri-County Region Fiscal Year 2020**



**Figure 2. Indirect & Induced Job Impact *by Occupation*
in Tri-County Region Fiscal Year 2020**



Historical Summary of Fort Drum Regional Economic Impact

JOBS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Military Personnel	19,978	19,024	18,060	17,269	15,457	15,069	15,110	14,960	15,154	14,998
Civilian Personnel	4,614	4,544	3,895	3,799	3,857	3,785	3,722	4,126	3,994	3,912
Fort Drum Employment - Direct	24,592	23,568	21,955	21,068	19,314	18,854	18,832	19,086	19,148	18,910
Indirect and Induced Jobs	8,130	7,590	6,491	6,195	5,973	6,297	5,622	6,485	5,465	6,058
Jobs – Total Effect	32,722	31,158	28,446	27,263	25,287	25,151	24,454	25,571	24,613	24,968
Jobs as % of total employment	27.5%	26.2%	24.0%	23.8%	22.6%	22.8%%	22.2%	23%	22.2%	23.4%
SPENDING										
Direct Spending (in billions)	\$1.64	\$1.50	\$1.47	\$1.40	\$1.28	\$1.25	\$1.26	\$1.42	\$1.34	\$1.42
Indirect and Induced- Estimate	\$0.51	\$0.36	\$0.42	\$0.37	\$0.38	\$0.39	\$0.44	\$0.45	\$0.36	\$0.41
Total Economic Impact	\$2.15	\$1.86	\$1.89	\$1.76	\$1.66	\$1.64	\$1.70	\$1.88	\$1.70	\$1.83
Impact as a % of Regional GDP	18.8%	15.6%	15%	14.5%	12.9%	13.4%	11.6%	12.5%	11.6%	17.1%
Retirees (*survivors included)	2,353	*2,476	*2,875	*3,035	*3,129	*3,284	*3,490	*3,586	*3,858	2,663

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