

# Fort Drum Regional Economic Impact – FFY 2014



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)	\$ 1,398.2*	\$ 365.8	\$ 1,764.0
GRP (\$ millions)	\$ 1,097.9	\$ 357.0	\$ 1,454.9
Labor Earnings (\$ millions)	\$ 1,097.9	\$ 231.6	\$ 1,329.5
Employment	21,068	6,195	27,263

## 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 2014 totaled \$1.398.2 billion\*. This included \$187 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 \$366 million/year in additional business sales. This \$366 million can then be added to the installation's \$1.398\* billion in direct spending for the purposes of measuring the total annual economic activity within the region. This yields a total gross business output of \$1.764 billion/year.

### 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 \$1.098 billion in wages entering the region's economy. Adding its indirect/induced GRP of \$357 million (netted from the indirect Gross Output in the line above) yields a total GRP of \$1.455 billion.

### Impact on Labor Earnings –

Of Fort Drum's indirect and induced effects on GRP (\$357 million), \$232 million is wage income related to off-post jobs. Adding Fort Drum's \$1.098 billion in direct payroll entering the regional economy yields a total personal income impact of \$1.330 billion/year.

### Impact on Employment –

The employment created by this additional economic impact includes 6,195 additional tri-county jobs outside of Fort Drum that would not exist otherwise. In other words, these 6,195 jobs are associated with the additional \$232 million in wages cited above. Adding Fort Drum's 17,269 military jobs and the 3,799 civilian jobs yields a total employment impact of 27,263 jobs.

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

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