

# BASE REALIGNMENT & CLOSURE: REGION 12 GEORGIA

By  
Bureau of Business Research &  
Economic Development

# Acknowledgements

- **This study was requested by the Military Affairs Committee of the Savannah Chamber of Commerce.**
- **The research was funded by a grant from the Georgia Southern University Regional ICAPP Program.**



# BRAC

- **BRAC or base realignment and closure is the process whereby the Department of Defense reviews the need for its military base infrastructure.**
  - **Since the last round of closures in 1995, DoD estimates that it has between 20% and 25% more infrastructure than it needs.**



# Study Goals

- **The purpose of this study is to identify the potential economic impact on State Service Delivery Region 12 should any one or all of the military bases located in the region be closed.**



# Defining the Region

- **Savannah is the growth center in the coastal economy which includes: Bryan; Bulloch; Camden; Chatham; Effingham; Glynn; Liberty; Long; and, McIntosh.**
- **An economic change in any community in the region has an immediate impact on the Savannah economy.**



# Economic Overview

Personnel and Expenditures by Base				
	Ft. Stewart/HAAF	Kings Bay	All Other Bases	Total
<b>Total Military Personnel Stationed</b>	19,578	5,295	1,585	26,458
<b>Civilians Employed by Base</b>	3,707	2,371	285	6,363
<b>Military Payroll</b>	\$ 640,696,731	\$ 150,398,107	\$ 17,348,661	\$ 808,443,499
<b>Civilian Payroll</b>	\$ 79,899,300	\$ 78,912,166	\$ 15,736,855	\$ 174,548,321
<b>Contracts</b>	\$ 94,374,106	\$ 50,434,328		\$ 144,808,434
<b>Budget (Non-Payroll)</b>	\$ 191,722,900	\$ 46,823,650	\$ 22,587,248	\$ 261,133,798
<b>Total</b>	\$ 1,006,693,037	\$ 326,568,251	\$ 55,672,764	\$ 1,388,934,052



# Economic Dimensions of the Region's Military Bases-Jobs

- **Total Employment – 32,821**
- **Total Military Personnel Employed in the region – 26,458**
  - This is 10% of total regional employment.
- **Total Civilian Personnel Employed in the region – 6,363**
  - This is 3% of total regional employment.



# Economic Dimensions of the Region's Military Bases-Income

- **Total Annual Payroll - \$983.0 million**
- **Total Annual Military Payroll - \$808.5 million**
- **Total Annual Civilian Payroll - \$174.5 million**





# Economic Dimensions of the Region's Military Bases- Expenditures

- **Total expenditures \$405.9 million**
- **Contract expenditures within the region- \$144.8 million**
  - \$94.4 million Ft. Stewart/HAAS
  - \$50.4 million Kings Bay
- **Non-payroll Budget- \$261.1million**
  - \$191.7 million Ft. Stewart/HAAS
  - \$ 46.8 million Kings Bay
  - \$ 22.6 million Other



# Focus on Ft. Stewart/HAAF-Jobs & Payroll

- **Of the jobs at risk in the region, Ft. Stewart/HAAF represents:**
  - 74% of the Military jobs; and,
  - 58% of the Civilian jobs.
- **Of the payroll at risk in the region, Ft. Stewart/HAAF represents:**
  - 79% of the Military payroll; and,
  - 46% of the Civilian payroll.



# Focus on Ft. Stewart/HAAF- Operating Expenditures

- **The operating expenses for for Ft. Stewart/HAAF represent 70% of the all military operating expenditures for the region. This is \$286.1 million annually based on expenditures for 2000.**



# Economic Dimensions of the Region's Military Bases- Population

- **The military personnel and their dependents account for 65,693 people living in the region** (approx. equal to the population of Brunswick, Statesboro, Pooler, Garden City, Rincon & Springfield).
- **Of the 65,693, 72% or 47,247 reside in non-base housing** (approx. equal to the population of Statesboro, Pooler, Garden City, Rincon & Springfield).
- **71%, or 33,335, of those living in non-base housing are attributable to Ft. Stewart/HAAF** (approx. equal to the population of Statesboro & Garden City).



# Impact Analyses

- **The analyses of the potential economic impact of base closures within the region were constructed as follows:**
  - Closure of each base alone; and,
  - Closure of all bases simultaneously.
  - It was assumed that no substitute funds to support economic realignment would be forthcoming.
  - Loss of payroll and loss of other expenditures were calculated separately and as combined effects.
  - Base closure completed in December 31, 2001.



# Total Impact All Bases All Effects-Job Impacts

- **Removing 32,821 military and civilian jobs (payroll) from the region reduces total regional employment in by 54,590 in the initial year. This is a job multiplier of 1.66.**
- **Reducing contract and other budget expenditures by \$405.9 million results in the loss of an additional 8,775 jobs. This increases the job multiplier to 1.93.**



# Total Impact All Bases All Effects-Regional GDP

- **If total expenditures, the \$1.3889 billion annually spent on payroll, contracts and other operating budget expenses were removed from the region's economy, the Gross Regional Product will decrease by \$3.0549.**
- **This is an expenditures multiplier of 2.2 or for every dollar spent by one of the region's military bases the turnover of that dollar creates an addition \$1.20 in economic activity.**



# Focusing on Ft. Stewart/HAAF-Multipliers

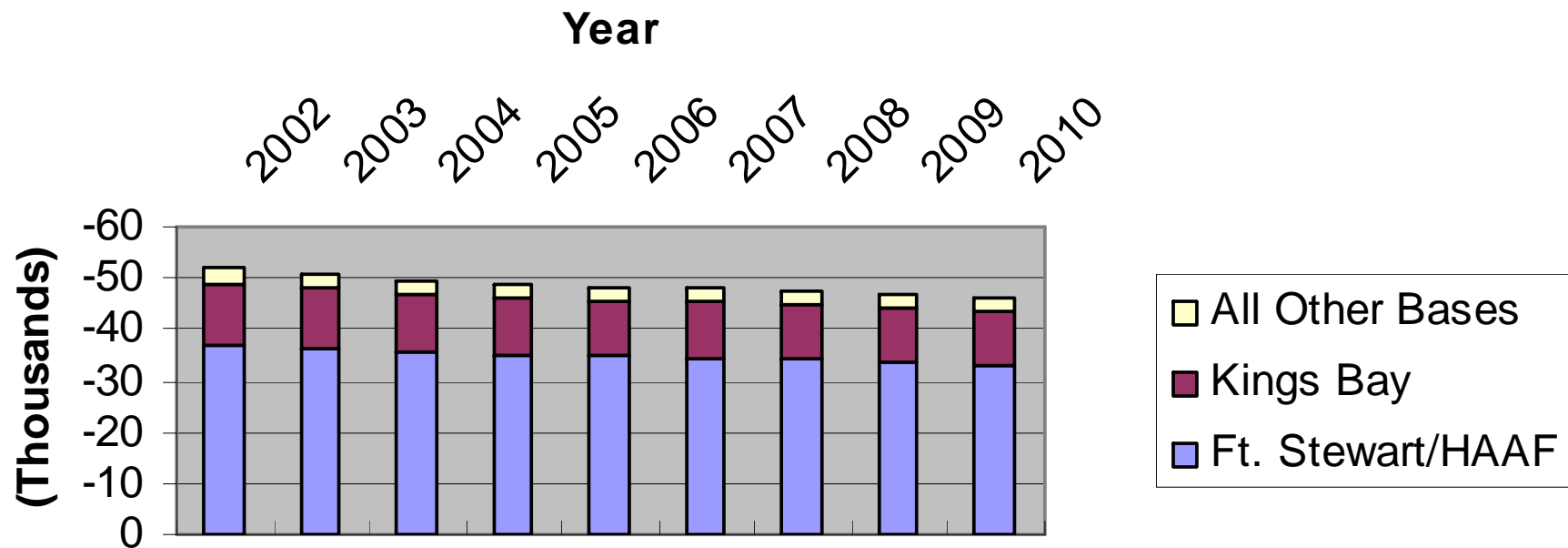
- **The expenditures multiplier for Ft/ Stewart alone is slightly small or 2.1. Loss of total expenditures by Ft. Stewart/HAAF of \$1.007 billion annually will shrink the region's economy by \$2.115 billion.**
- **Loosing the 23,285 jobs at Ft. Stewart/HAAF will reduce total employment by 42,871 resulting jobs multiplier for the base of 1.84.**





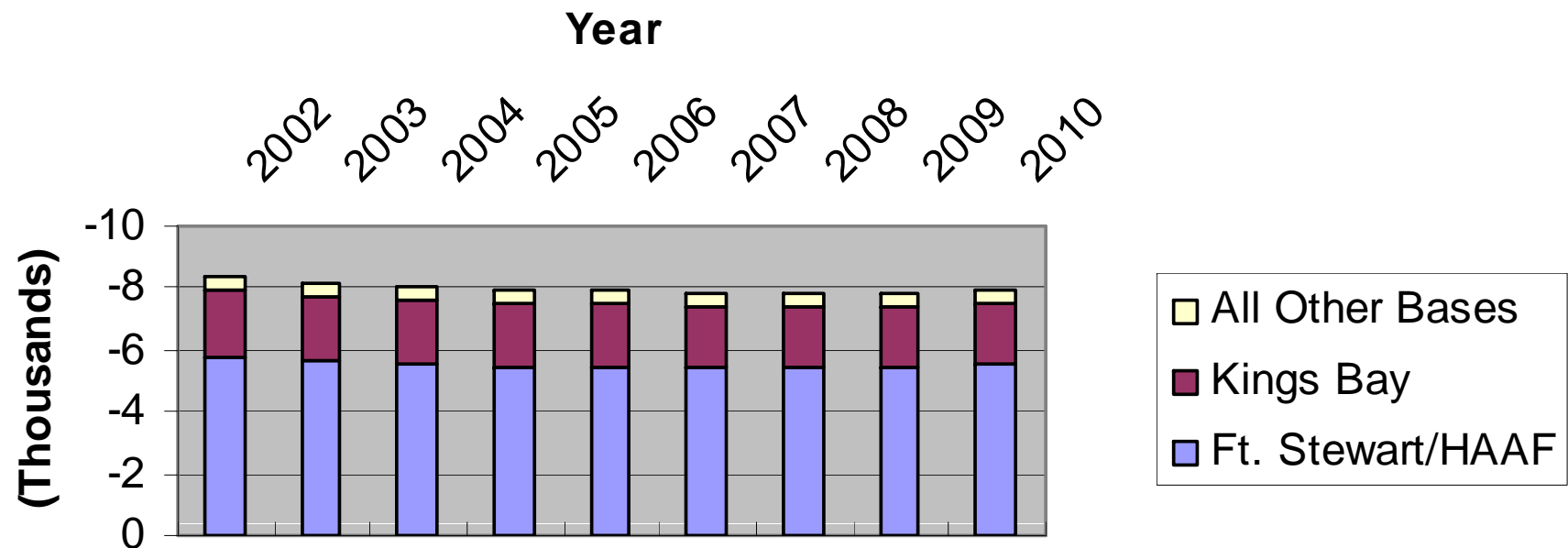
# Employment Loss by Base (Payroll)

## Losses in Employment by Base (Payroll)



# Employment Loss by Base (Operating)

## Losses in Employment by Base (Budget and Contracts)



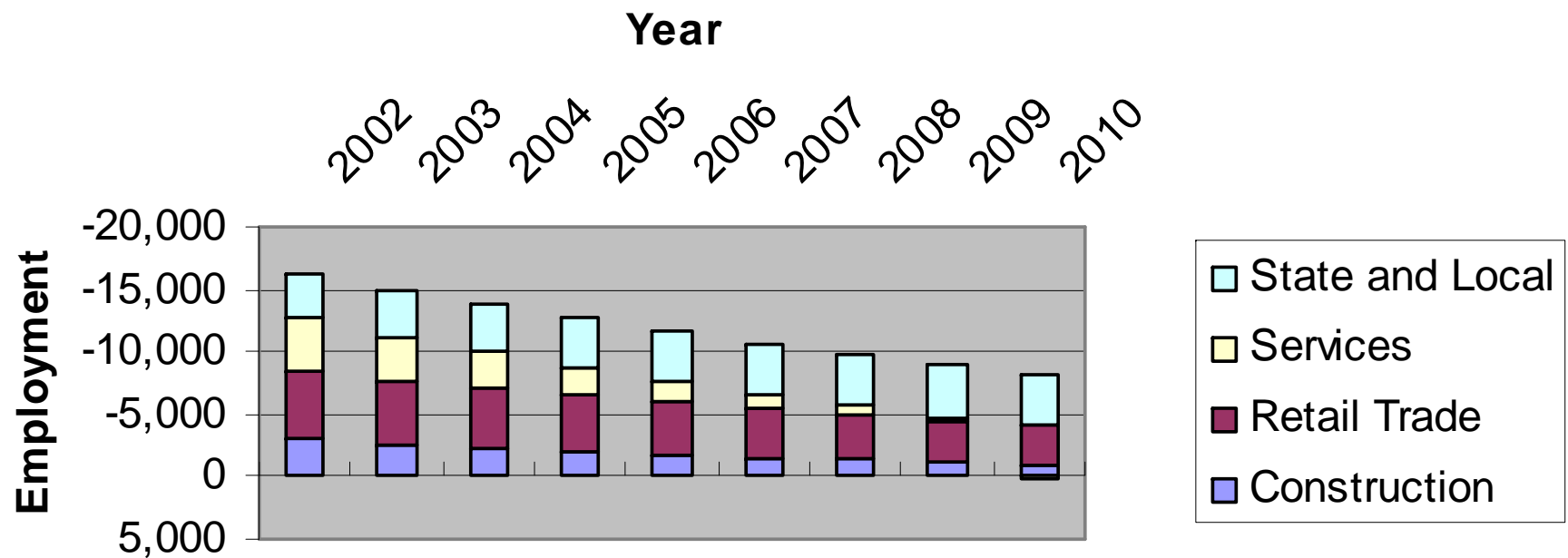
# The Ft. Stewart/HAAF Share

- **Ft. Stewart/HAAF accounts for 72% of the lost employment from lost payroll.**
- **Ft. Stewart/HAAF accounts for 68% of the lost employment from lost operating expenditures.**



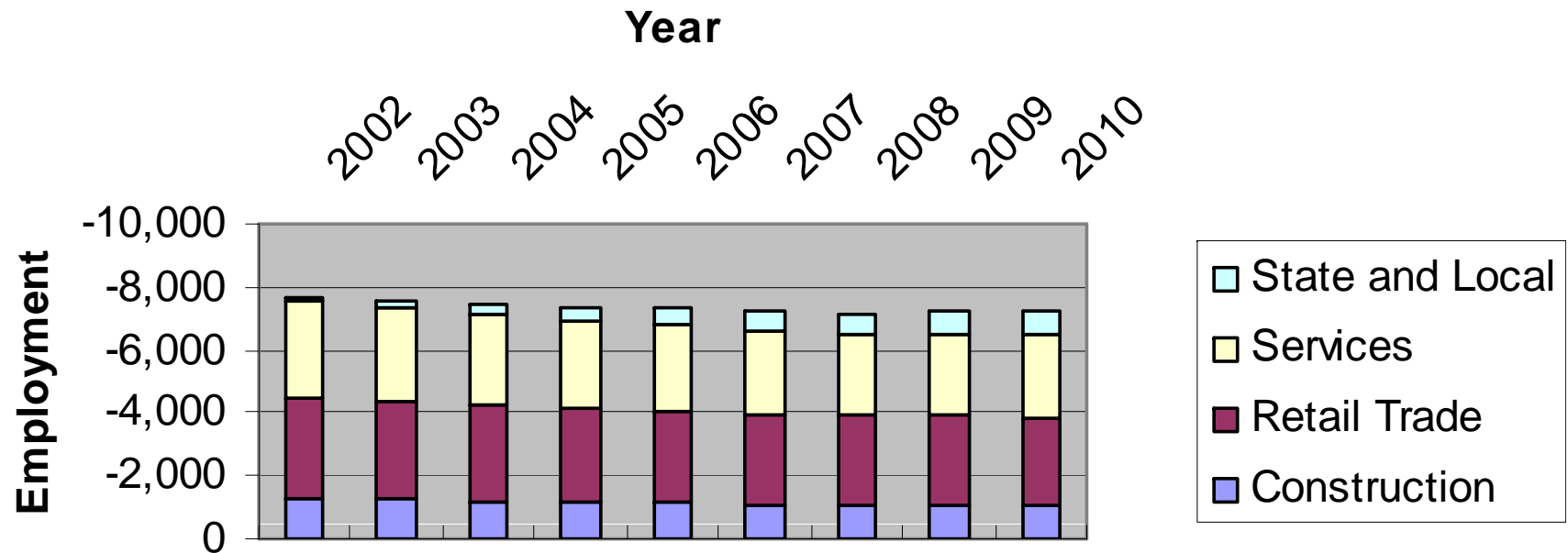
# Employment Loss by Sector (Payroll)

**Largest Losses in Employment by Sector for all Base  
(Payroll)**



# Employment Loss by Sector (Operating)

**Largest Losses in Employment by Sector for all Base  
(Budget and Contracts)**



# Different Effects of Payroll and Operating Expenditures

- **The loss of household expenditures due to loss of payroll and loss of base operating expenditures have different sector effect.**
- **For payroll 60% of the job losses are concentrated in the retail and service sectors.**
- **For operating expenses 82% of the job losses are concentrated in retail and services.**



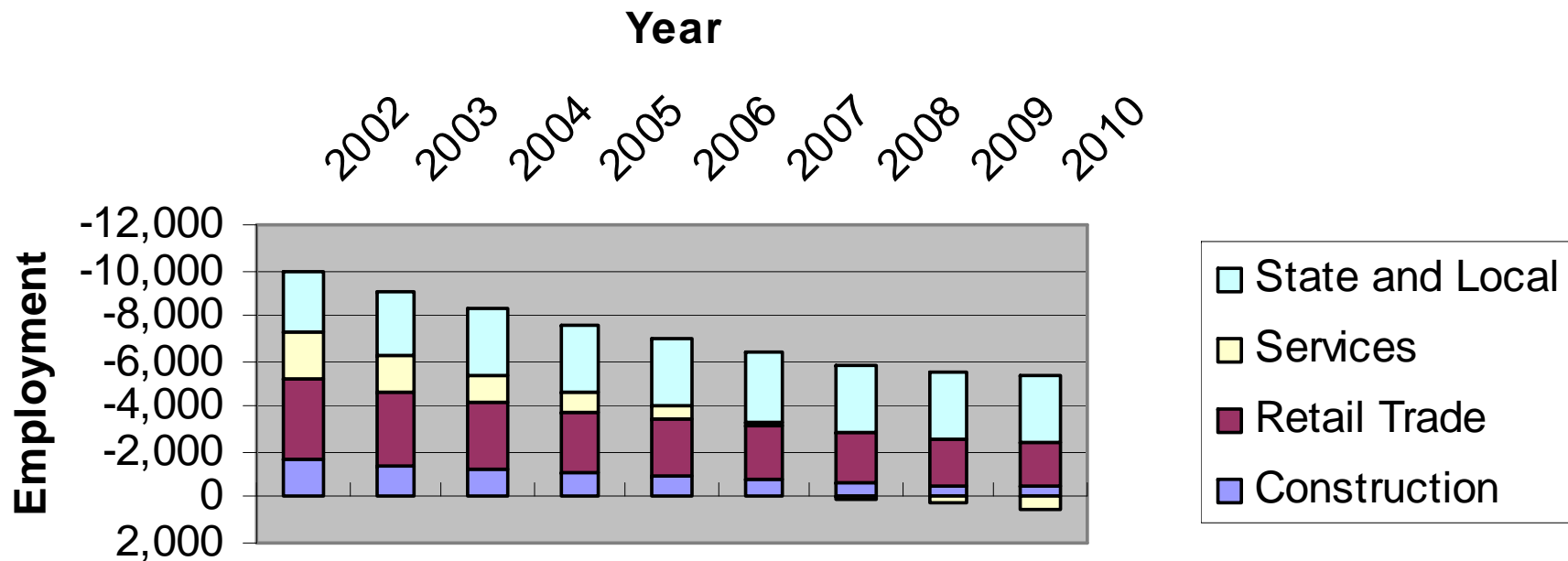
# Total Impact Scenario – Employment Effects by Sector

- **Four sectors are the hardest hit:**
  - **State and Local government employment (mostly schools) 3,583 initial loss and rising to 4,864 jobs in 8 years**
  - **Services, 7,323 initial loss decreasing to 2,578 in 8 years**
  - **Retail Trade, 8,754 initial loss decreasing to 6,072 in 8 years**
  - **Construction, 4,274 initial loss decreasing to 2,012 in 8 years**



# Ft. Stewart/HAAF– Employment Effects by Sector (Payroll)

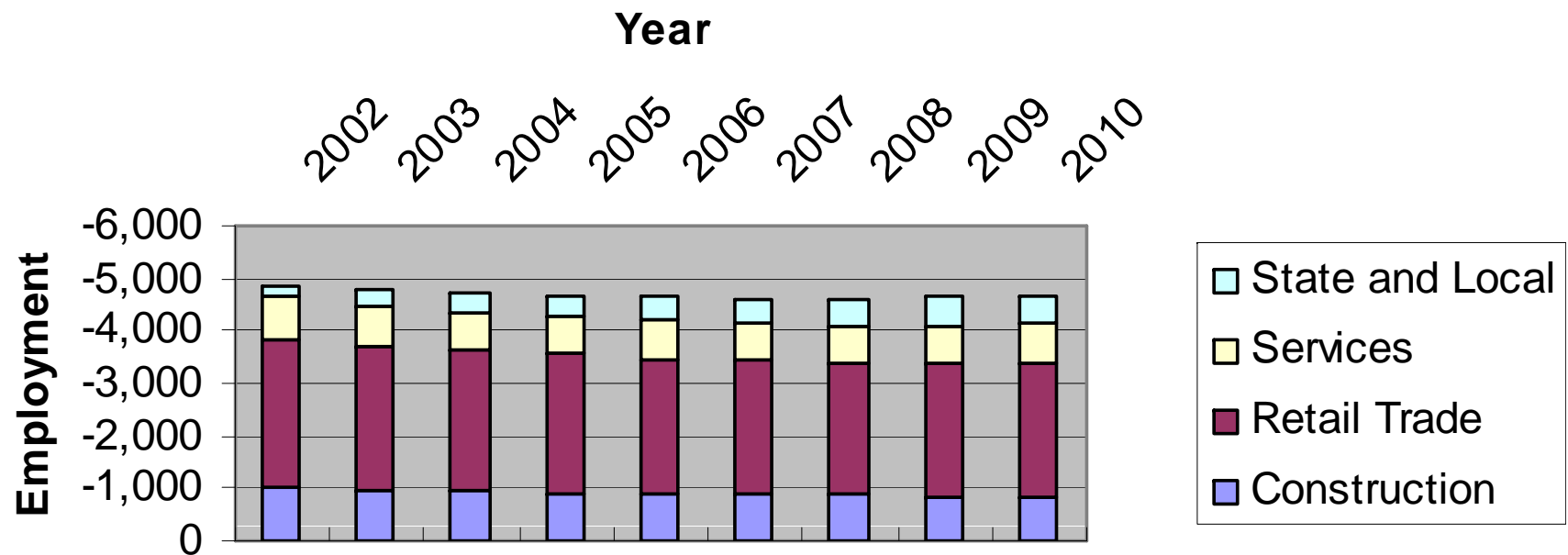
## Largest Losses in Employment by Sector for Ft. Stewart/HAAF (Payroll)





# Ft. Stewart/HAAF – Employment Effects by Sector (Operating)

**Largest Losses in Employment by Sector for Ft. Stewart/HAAF (Budget and Contracts)**



# Ft. Stewart/HAAF– Employment Effects by Sector

- **Four sectors are the hardest hit:**
  - **State and Local government employment (mostly schools) 2,970 initial loss and rising to 3,498 jobs in 8 years**
  - **Services, 2,945 initial loss decreasing to 295 in 8 years**
  - **Retail Trade, 6,270 initial loss decreasing to 4,375 in 8 years**
  - **Construction, 2,688 initial loss decreasing to 1,347 in 8 years**



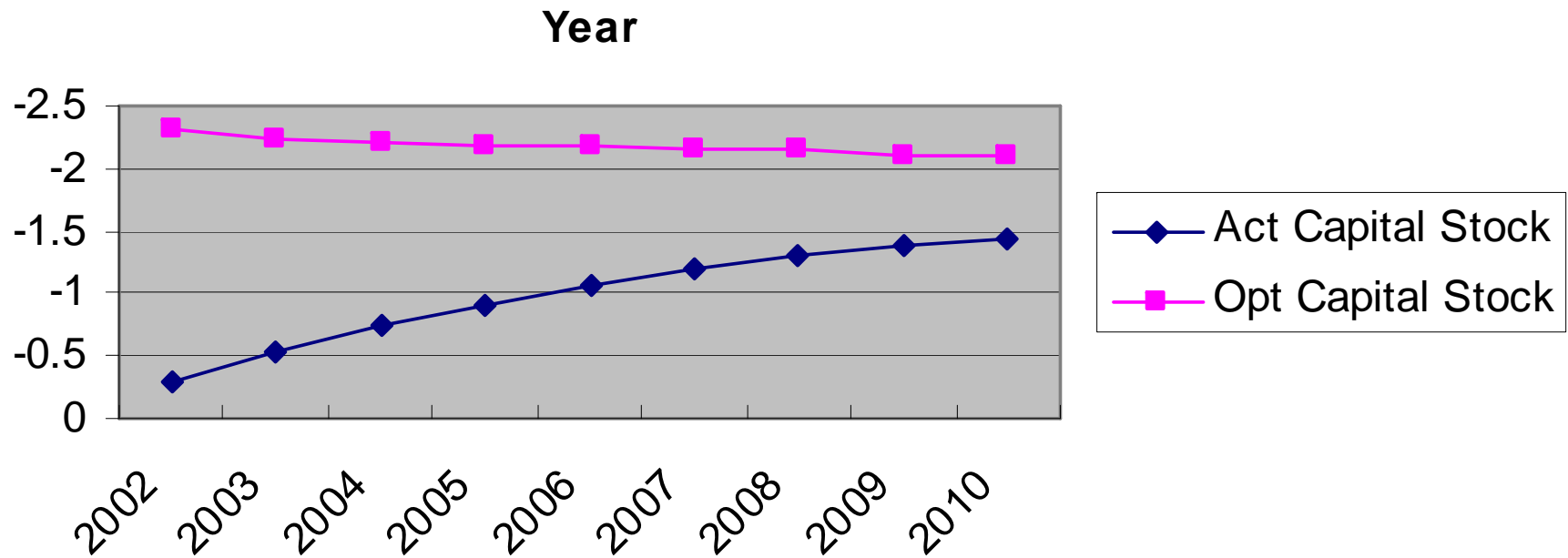
# Total Impact Scenario – Impact on Key Economic Markets

- **Loss of jobs and population result in excess housing stocks and excess business capital.**
- **The excess in housing stock will result in decrease property value, decreases in property tax revenues and little to no new home construction.**
- **Lower profits will result in increase bankruptcy, business closures and low rates of new investment.**



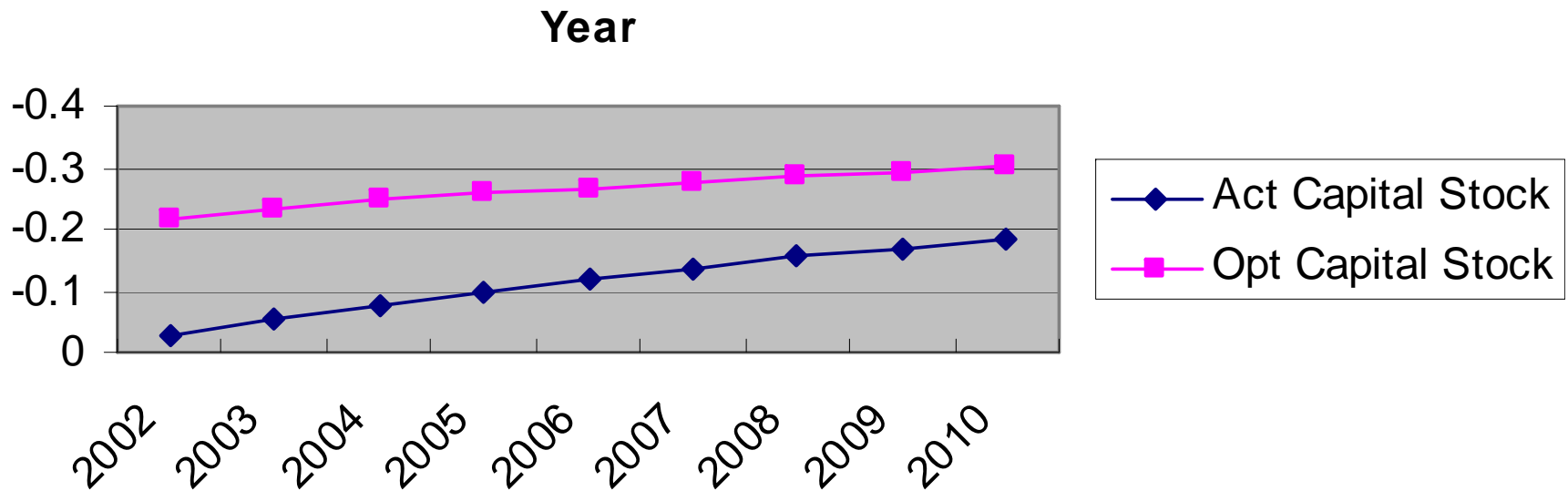
# Residential Capital Stock Adjustment (Payroll)

**Residential Capital Stock for All Bases  
(Bil Fixed 92\$)**



# Residential Capital Stock Adjustment (Budget and Contracts)

**Residential Capital Stock for All Bases  
(Budget and Contracts)  
(Bil Fixed 92\$)**



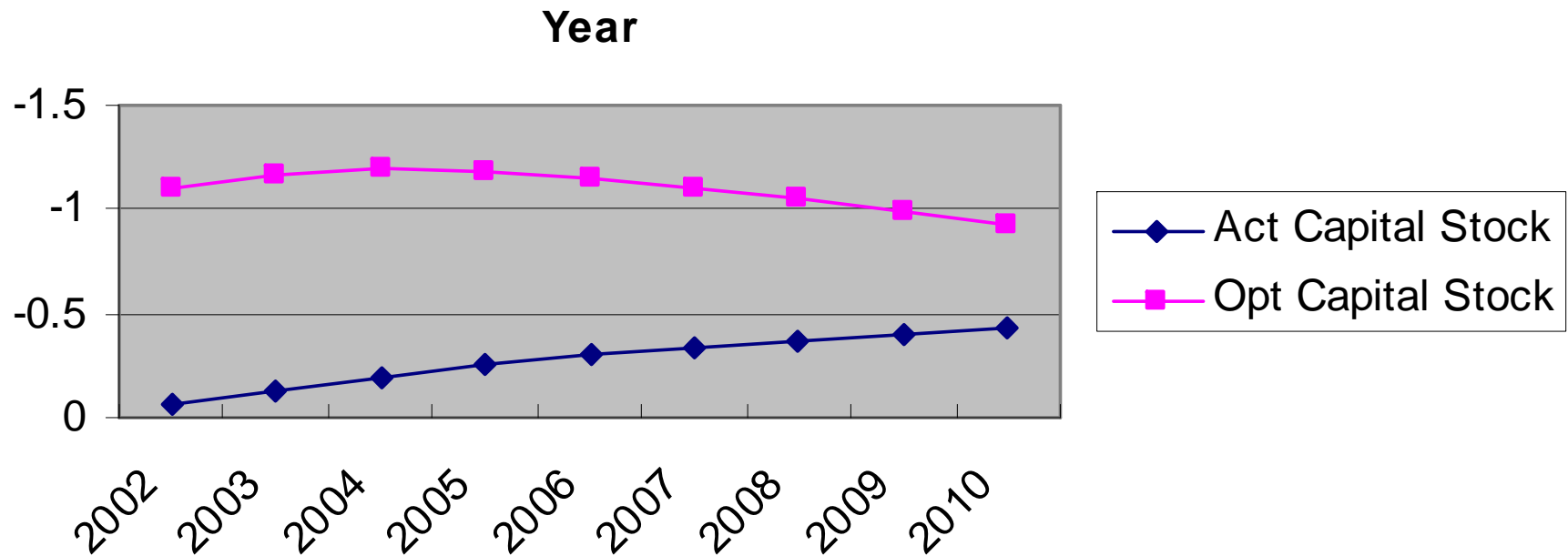
# Impact on Housing Value

- Residential capital stock will decrease by \$2.2 billion.



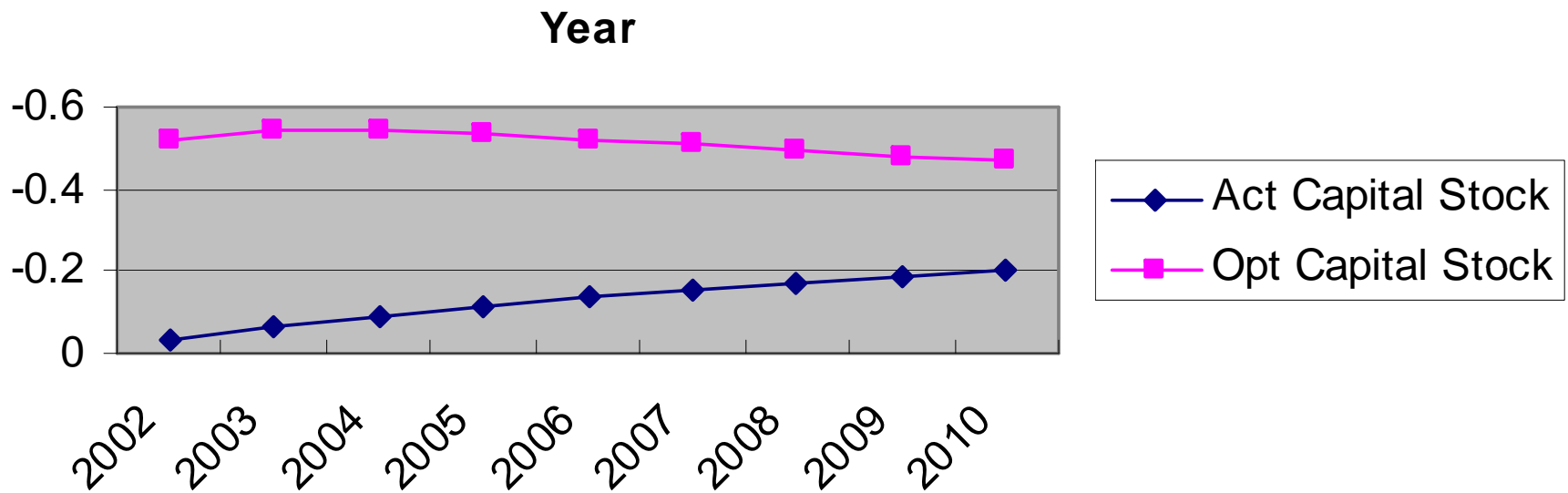
# Non-Residential Capital Stock Adjustment (Payroll)

**Non-Residential Capital Stock for All Bases  
(Bil Fixed 92\$)**



# Non-Residential Capital Stock Adjustment (Budget and Contracts)

**Non-Residential Capital Stock for All Bases (Budget and Contracts)  
(Bil Fixed 92\$)**





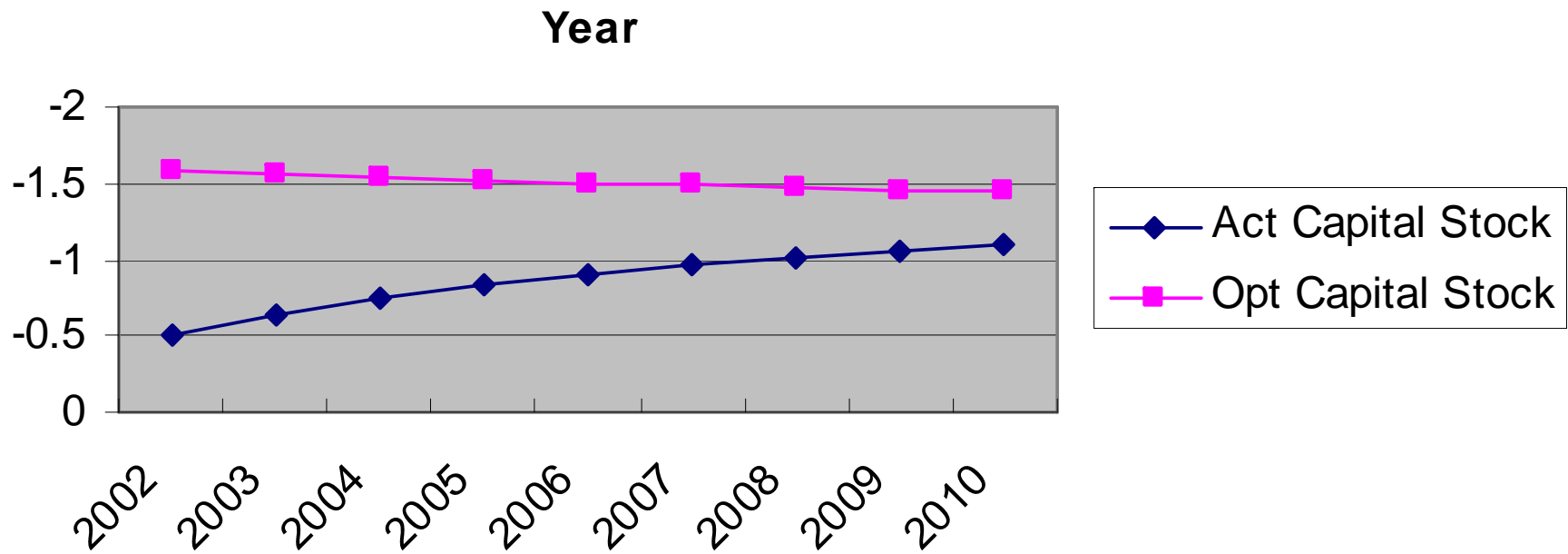
# Impact on Business Value

- **Business capital stock will decrease by \$1.5 billion**



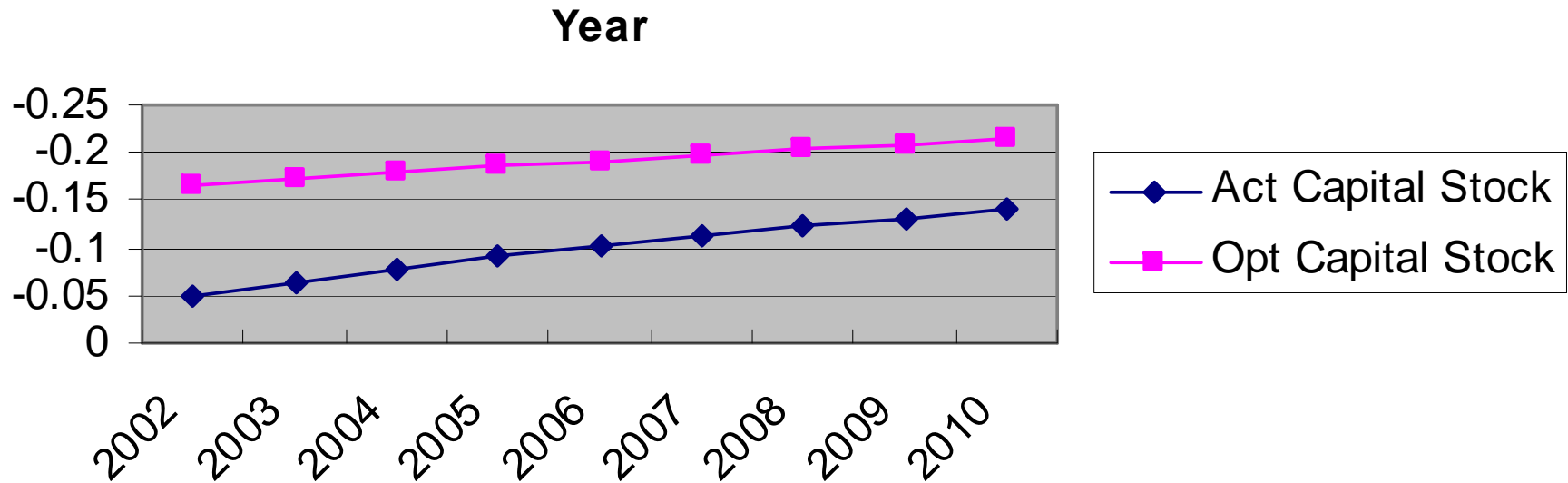
# Total Impact Scenario – Employment Effects by Sector

**Residential Capital Stock for Ft. Stewart/HAAF  
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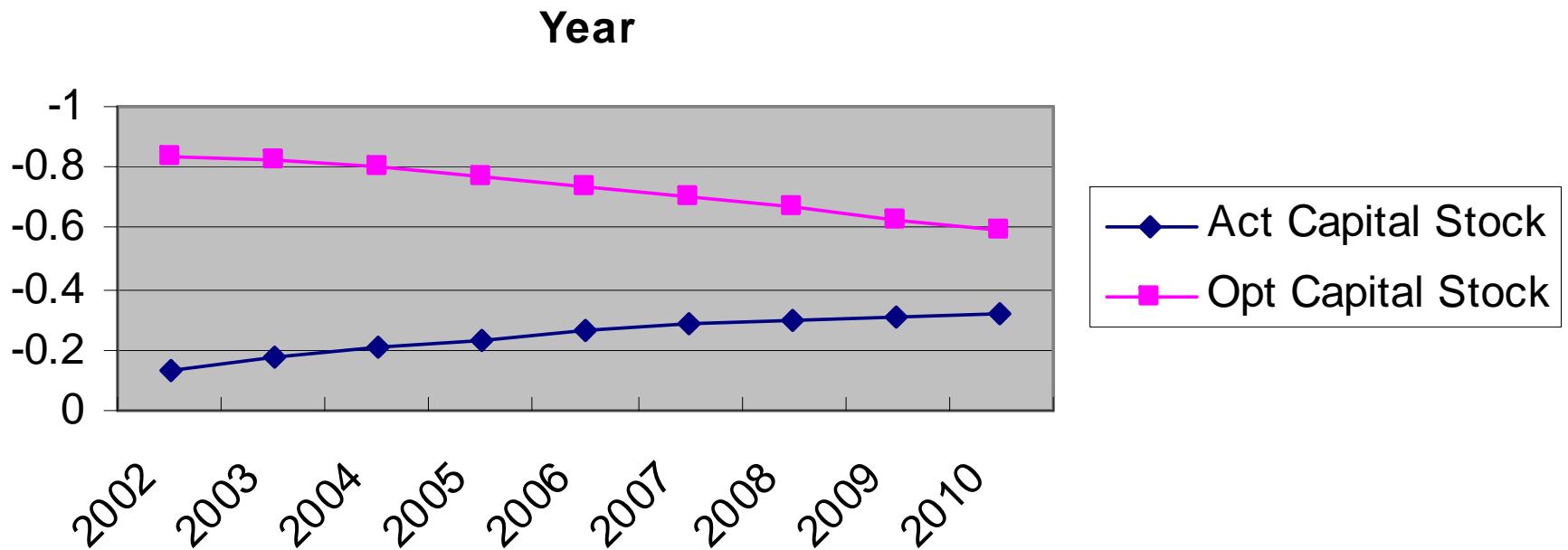
# Ft. Stewart/HAAF Impact on Housing Value

- **Residential capital stock will decrease by \$1.1billion or 50% of all lost housing value in the region.**



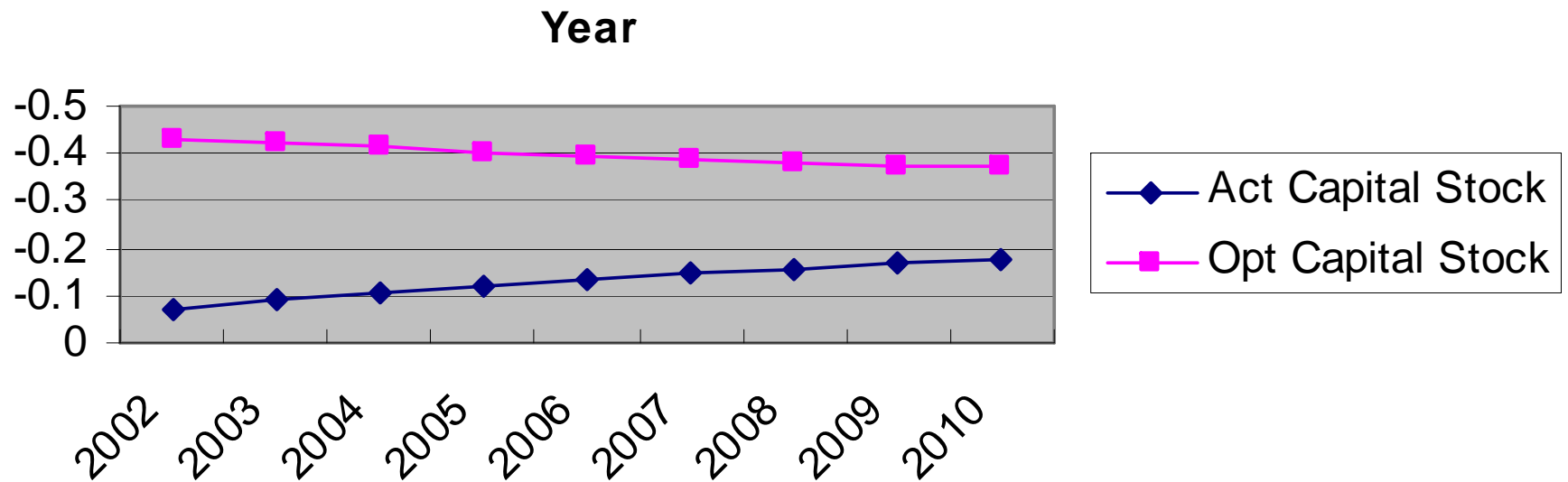
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# Total Impact Scenario – Employment Effects by Sector

**Non-Residential Capital Stock for Ft. Stewart/HAAF  
(Budget and Contracts)  
(Bil Fixed 92\$)**



# Ft. Stewart/HAAF Impact on Business Value

- **Business capital stock will decrease by \$0.9 billion or 60% of all business losses in the region.**



# Other Impacts Not Quantified

- **The Veteran's Administration estimates that there are 55,494 veterans living in the region.**
- **It is estimated that they receive about \$65.9 million annually in direct benefits.**
- **Communities involved in previous BRAC noted loss of veteran population as part of the impact of lost medical facilities.**





# Use of Base Medical Facilities

- **Approximately 19,500 veterans used medical facilities at the region's bases.**
- **90% of the visits were to Ft. Stewart/HAAF.**



# The Impacts are Long Lived

- **The economy of the region remains depressed for more than 8 years after the initial loss of jobs and expenditures.**
- **Looking only at estimated civilian jobs losses in previous closures, only 4 closures have resulted in losses of 6,000 or more civilian jobs. In the four location 25% to 70% of the jobs lost have been regained through re-development.**



# Ft. Stewart/HAAF-Long-term

- **The impact from the closure of Ft. Stewart/HAAF will also long term lasting more than 8 years.**
- **Only 7 of the previous closures have resulted in losses of approximately 3,000 civilian jobs. On average in six of the communities affected, they have regained 47.5% of the lost jobs. In one case, they have regained 3.2% of the lost jobs.**



# Conclusions-Job Losses

- For every 100 military and civilian jobs lost in the region, the region will lose between 66 and 92 additional jobs. The job losses are concentrated in state and local government, services, retail and construction sectors.
- For Ft. Stewart/HAAF the jobs multiplier is slightly smaller. For every 100 military and civilian job lost the region loses an additional 84 jobs.



# Conclusions-Job Losses By Sector

- **Job losses will be concentrated in four sectors: Retail, Services, State and Local Government (primarily education) and Construction.**
- **Services and Retail are more effected by the loss of business from base operation, but are also very sensitive to the loss of household expenditures.**
- **Only the service sector recovers from closure within the eight year horizon.**



# Conclusions-Expenditures Multipliers

- **Total annual expenditures by all bases are \$1.3889 billion. Loss of these dollars will shrink the region's economy by \$3.0549. This is an expenditures multiplier of 2.2 for the region.**
- **The expenditures multiplier for Ft. Stewart alone is slightly small or 2.1. Loss of total expenditures by Ft. Stewart/HAAF of \$1.007 billion annually will shrink the region's economy by \$2.115 billion.**



# Conclusion-Other Major Impacts

- **Both Residential and Business Investment will be hard hit. The residential capital stock will have to be decreased by \$2.2 billion and business capital by \$1.5 billion.**





# Other Conclusions

- **All of the above findings with respect to closure will apply proportionally to realignment.**
- **The effects will be felt region wide and would spill over to communities in both Florida and South Carolina.**
- **Most disastrous of all would be the case in which the bases were closed and not made available for re-development.**





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-  Economic Overview
  -  Employment Loss By Base
  -  Employment Loss By Sector
  -  Ft. Stewart/HAAF Employment Loss By Sector
  -  Residential Capital Stock (All Bases)
  -  Non-Residential Capital Stock (All Bases)
  -  Residential Capital Stock (Ft. Stewart/HAAF )
  -  Non-Residential Capital Stock (Ft. Stewart/HAAF )

