

The Economic Impact of Base Closure & Realignment: The Lowcountry, SC

Prepared for: The Greater Beaufort Chamber of Commerce

**Prepared by: Bureau of Business Research
and Economic Development,
Georgia Southern University**

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The Economic Impact of Base Closure & Realignment: The Lowcountry, SC

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EXECUTIVE SUMMARY

This study was requested by the Military Affairs Committee of the Greater Beaufort Chamber of Commerce in the fall of 2002. The Chamber anticipated the need to build a better community-wide and area-wide understanding of the economic importance of the three military facilities located in Beaufort County. While local economic impacts are not expected to play a role in closure and realignment decisions in regard to the 2005 Base Realignment and Closure (BRAC), better community understanding of the economic impacts will help promote local initiatives which are may effect the military value of the facilities.

BRAC is the process whereby the Department of Defense (DoD) eliminates from its inventory bases and facilities which are no longer needed. For BRAC 2005, DoD estimates that it carries 23% excess capacity in facilities. It is expected that two new rounds of BRAC, each the size of BRAC 95, will result in an annual savings of \$3.0 billion. The estimate of 23% excess capacity is based on 259 major bases. The Marine Corps Air Station (MCAS) and the Marine Corps Recruit Depot (MCRD) are listed as major installations.¹

The Bureau of Business Research and Economic Development (BBRED) at Georgia Southern University has served as a technical consultant for this research, employing the regional policy modeling system REMI to simulate the potential impact of BRAC on the three county region of Hampton, Jasper and Beaufort, SC. Impacts were estimated for three possible closure configurations: 1) all three facilities closed; 2) MCAS and NH closed; and, 3) MCRD and NH closed. Table ES-1 shows the direct impact of each of the closure configurations in terms of reductions in expenditures and civilian jobs. All data is based on actual expenditures, personnel and employment for 2002.

¹ See *Report of the department of Defense on Base Realignment and Closures*, April, 1998.

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**TABLE ES1
Personnel, Payroll, and Expenditures by Base (2002)**

	MCRD & NH	MCAS & NH	MCRD, MCAS & NH
Total Military Personnel	2,632	4,374	6,567
Civilians Employed by Base	638	900	1,249
Recruits (MCRD)	19,983	-	19,983
Military Payroll	\$ 90,447,222	\$ 147,014,242	\$ 212,947,222
Civilian Payroll	\$ 28,722,740	\$ 29,500,000	\$ 49,222,740
Recruits Payroll	\$ 50,670,600		\$ 50,670,600
Contracts	\$ 31,620,888	\$ 42,320,288	\$ 62,975,728
Budget (Non-Payroll)	\$ 50,222,422	\$ 58,682,299	\$ 78,581,721
Total	\$ 251,683,871	\$ 277,516,828	\$ 454,398,010

Table ES-1 shows:

- the MCAS with 3,935 personnel represents 64% of the area's military personnel;
- for all three bases, the base related population, permanent military personnel and their dependants living in the region, total 20,299;²
- in addition to the permanent military population, the MCRD is a major training facility for the Marine Corps on the east coast with 19,983 trainees in 2002;
- civilian employment at the three bases totaled 1,249 in 2002;
- the average annual wage paid to civilian employees was an estimated \$39,392 in 2002.³
- total base related expenditures are \$454.4 million, \$312.8 million for payroll and an additional \$141.6 on non-payroll and contract expenses.

² Military personnel and their dependents are not counted by the Census in the resident population. Beaufort county had a population of 120,937 during the 2000 Census. The bases add an additional 20,299 people to the county for a total population of 141,236. Hence the bases account for an additional 14% to the total population of Beaufort County.

³ It is estimated that this is 1.4 time higher than the average annual wage for Beaufort County.

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REMI is a dynamic policy model. To simulate the impact of each base closure configuration, the expenditures for the closure scenario were shown as reductions in the demand for the region's goods and services. The impacts were measured as changes from the region's economic forecast under an assumption of no base closures.⁴ The findings for each closure configuration are enumerated below.

The Potential Impact of BRAC: Closure of All Three Facilities

The closure of all three facilities will result in a \$454.4 million decrease in the demand for goods and services from the regional economy. It will also eliminate 1,249 civilian jobs. Because Beaufort County is the dominant growth center in the three county region, over 90% of all impacts accrue to Beaufort County.

The findings include:

- in year one, Gross Regional Product (GRP), the value of all goods and services produced locally, will fall by \$201.2 million in real 1996 dollars and after 17 years real GRP will still be below the projected level with no closures by \$132.8 million;
- in addition to the civilian jobs lost, total employment will fall 3,493 jobs in year one;
- after 17 years of growth total employment will remain below the projected levels with no closures by 1,922 jobs;
- the poor economic conditions will result in high levels of net out-migration with out-migration concentrated equally between the school age cohorts and those cohorts in the prime working years;
- the out-migration of the younger population will further skew the age profile in which it is expected that by 2020 over 21% of the population will be age 65 years or older;

⁴ The baseline forecasts are found in section three of the technical report.

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- in terms of one basic measure of economic welfare, per capita real disposable personal income, the economy will recover by 2015 with real per capita income exceeding that projected for the case of no base closures;
- optimal non-residential capital stock will decrease by \$285.0 million in year one and as a result the value of actual capital stock will decline over the 17 year forecast horizon so that actual capital stock in 2020 will be \$122.2 million below the forecast level with no base closures;
- optimal residential capital stock will decrease by \$144.2 million in year one resulting in annual decreases in actual residential capital stock;
- optimal residential capital stock continues to decline throughout the forecast period of 17 years because of continued out-migration so that by 2020 optimal residential capital stock is \$171.9 million below the forecast level with no base closures; and,
- the value of actual residential capital stock is \$128.8 million below the forecast level with no base closures by 2020.

The Potential Impact of BRAC: Closure of MCAS and NH

The closure of MCAS and NH will result in a \$277.5 million decrease in the demand for goods and services from the regional economy. It will also eliminate over 900 civilian jobs from the region. This is 61% of the total demand created by all three bases and 72% of the civilian jobs created by all three bases.

Category by category the impacts are proportional at approximately 60% of the above estimated impacts. In year one:

- total employment will fall by 2,059;
- per capita real disposable personal income will fall by between \$175 and \$216; and,
- optimal residential and non-residential capital stock will decrease by \$88.0 million and \$158.5 million respectively.

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The Potential Impact of BRAC: Closure of MCRD and NH

The closure of MCRD and NH will result in a \$251.7 million decrease in the demand for goods and services from the regional economy. It will also eliminate over 683 civilian jobs from the region. This is 55% of the total demand created by all three bases and 51% of the civilian jobs created by all three bases.

Category by category the impacts are proportional at approximately 55% of the above estimated impacts. In year one:

- total employment will fall by 2,019;
- per capita real disposable personal income will fall by between \$167 and \$205; and,
- optimal residential and non-residential capital stock will decrease by \$84.1 million and \$148.1 million respectively.

By all measures the economic impact of BRAC will be a major and long lasting economic event in the Tri-County region.

Communities in previous BRACs, which have experienced closures comparable to the closure of all three bases in the Tri-County area, have had mixed experience with post closure recovery. There were thirteen closures of comparable size as measured by direct civilian jobs lost in previous BRAC's three were better off as of 2001 with more jobs created than lost. The other ten all still had created fewer jobs than had been lost due to closure.⁵

There are several reasons to consider that the potential for rapid short-term recovery is poorer for

⁵ See Appendix IV, *Military Base Closures: Progress in Completing Actions from Prior Realignments and Closures*, GAO-02-433, April 2002, report to the honorable Vic Snyder, House of Representatives. Closures with direct job losses between 1,100 and 1,400 were considered the comparable range to 1,249 civilian jobs at bases in the Tri-County region.

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communities hit by the present BRAC cycle than in previous BRAC cycles. The primary factor reducing the potential for recovery is the weak economy. The major BRACs of the 1990s all took place in a rapidly expanding economy. Low interest rates and high deficits have had little effect on the relatively stagnant U.S. economy. Further the 1990s were a decade of rapid and significant increase in wealth, but the decade of 2000 has seen a significant erosion of that new wealth as a result of the Dot.Com meltdown, the Enron bankruptcy and similar business failures. Some recovery should be expected by 2005 when closures actually begin, but overall the economy is likely to be less robust than during previous rounds of BRAC.

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INTRODUCTION

This study was requested by the Military Affairs Committee of the Greater Beaufort County Chamber of Commerce in the fall of 2002. The Chamber anticipated the need to build a better community-wide and area-wide understanding of the economic importance of the three military facilities located in Beaufort County. While local economic impacts are not expected to play a role in closure and realignment decisions in regard to the 2005 Base Realignment and Closure (BRAC), better community understanding of the economic impacts will help promote local initiatives which may effect the military value of the facilities.

BRAC is the process whereby the Department of Defense (DoD) eliminates from its inventory bases and facilities which are no longer needed. Previous BRACs, 88, 91, 93, and 95 have resulted in significant savings estimated at net cumulative savings of \$14.0 billion through 2001, with an estimated \$5.6 billion savings annually beginning in 2002.¹

For BRAC 2005, DoD estimates that it carries 23% excess capacity in facilities. It is expected that two new rounds of BRAC, each the size of BRAC 95, will result in an annual savings of \$3.0 billion. The estimate of 23% excess capacity is based on 259 major bases. The Marine Corps Air Station (MCAS) and the Marine Corps Recruit Depot (MCRD) are listed as major installations.²

The Bureau of Business Research and Economic Development (BBRED) at Georgia Southern University has served as the technical consultant for this research. BBRED and BBRED's

¹ See *Report of the Department of Defense on Base Realignment and Closure*, April 1998.

² *ibid.*, Chapter 3 and Appendix J.

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director have prepared economic analyses for other facilities reviewed for possible closure both in the 1995 round and in the 2005 round. This report documents the technical analyses of the potential impact of base closure on three counties in South Carolina.

BBRED has licensed area models from REMI, Inc. which include the Tri-County region of South Carolina as part of the Savannah MSA.³ The Beaufort Chamber paid for a supplemental configuration of the model to divide the Tri-County region into models of Beaufort County and Hampton and Jasper Counties (combined as one area). No portion of the cost was paid for by funds provided by the State of Georgia.

This report will begin with an overview of the regional economy and an overview of the military facilities, of which there are three: The Marine Corps Air Station (MCAS); the Marine Corps Recruit Depot (MCRD); and the Naval Hospital (NH). All three facilities are located in Beaufort County, which is the principle growth center in the Tri-County region.

In section two of the report, the model and assumptions used to develop the estimated economic importance of the bases will be discussed. As will be explained in more detail in section two, the analyses will first present forecasts of the region's economy assuming no change in the status of the facilities. The estimates of the economic impact will be presented as changes from the expected path of growth in the region's economy.

In section three, the findings will be discussed for three closure scenarios. Scenario one, the worst case scenario, will show the impact should all three facilities be closed. Scenario two will show the economic impact should the MCAS and the NH be closed. Scenario three will show the economic impact should MCRD and the NH be closed. The impacts will be measured by

³ Through out this report the Savannah SMA refers to three counties in South Carolina and five counties in Georgia. The three South Carolina counties are: Beaufort, Hampton and Jasper Counties. The five Georgia counties are: Bryan; Chatham; Effingham; Liberty; and, Screven Counties.

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changes in: Gross Regional Product; Real Disposable Income; decreases in the value of residential capital stocks; decreases in the value of business capital stocks; changes in population through migration; changes in the age profile of the population; and changes in local government revenues and costs.

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OVERVIEW OF THE REGIONAL ECONOMY AND THE BASES

Beaufort, Hampton and Jasper counties, part of a region of South Carolina referred to as the lowcountry, are part of the larger Savannah, GA, MSA. It is estimated that the Savannah Market Area extends 49 miles into South Carolina, thus including Hilton Head, Beaufort and the two rural counties of Hampton and Jasper.⁴ Additionally, commuting patterns from the 2000 Census shows, by county, the percent of workers commuting outside the state to work are: 3% in Beaufort county; 5% in Hampton county; and, 11% in Jasper county. On the Georgia side the percent of workers in the five counties in the Savannah MSA commuting outside the state to work are: 3% in Bryan, Chatham and Screven counties; 5% in Effingham county; and, 2% in the county most distant from South Carolina, Liberty county.

Tables 1 and 2 show the population and civilian employment respectively for the Savannah MSA and each of the three counties in South Carolina. The three county area makes up 29% of the total employment and 37% of the population of the Savannah MSA. Beaufort County is the dominant economic center in the South Carolina sub-region of the Savannah MSA.

TABLE 1

Total Population by Race

	Beaufort	Hampton	Jasper	Savannah Area
White	85,451	9,173	8,766	273,056
Black	29,005	11,906	10,895	157,656
Other	6,481	307	1,017	14,038
Total Population	120,937	21,386	20,678	444,750

Source: The U.S Census Bureau

⁴ This was calculated relative to Charleston, SC using a modified version of Reilly's Law. See *Southern Economic Developer*, Spring, 2002, "A New Look at an Old Formula: Reilly's Law."

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TABLE 2
Civilian Employment Status

	Beaufort	Hampton	Jasper	Savannah Area
Employed	47,862	7,787	8,628	217,771
Unemployed	2,134	509	354	12,935
Civilian Labor Force	49,996	8,296	8,982	230,706

Source: The U.S Census Bureau

Table 3 shows employment by sector individually for each of the three South Carolina counties in the MSA and for the five Georgia counties aggregated. The Beaufort County economic structure is very much what one would expect in a regional service center. Three service sectors: Professional Services; Education, Health and Social Services; and, Services account for 58% of the employment in Beaufort County. Additionally, Wholesale and Retail Trade account for another 16% of total employment in Beaufort County.

TABLE 3
Industrial Employment

	Beaufort, SC		Hampton, SC		Jasper, SC		Savannah Area	
	Total	%	Total	%	Total	%	Total	%
Agri&For&Fish Serv	445	1%	267	3%	130	2%	1,118	1%
Construction	6,508	14%	663	9%	1,492	17%	12,495	8%
Manufacturing	2,158	5%	1,715	22%	865	10%	19,563	13%
Wholesale and Retail Trade	7,600	16%	1,025	13%	1,330	15%	24,190	16%
Trans.&Public Util.&Communication	3,001	6%	495	6%	509	6%	12,786	8%
Professional Services	8,290	17%	720	9%	1,082	13%	18,574	12%
Educational, health and social services	8,149	17%	1,296	17%	1,099	13%	31,922	21%
Services	11,711	24%	1,606	21%	2,121	25%	32,846	21%
Total	47,862	100%	7,787	100%	8,628	100%	153,494	100%

Source: The U.S. Census Bureau

Services can be part of a region's export-base economy and to some extent, services are an export industry in Beaufort County. For example, high-end outlet shopping centers are designed to draw non-local populations into a market area.⁵ The region also serves a large second home and retirement population. Since the incomes supporting these households are/were earned

⁵ Any non-local population served is part of a region's export-base.

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elsewhere, they also constitute a portion of the region’s export demand for services.

**TABLE 4
Income**

	Beaufort	Hampton	Jasper
Average Household Income	\$ 65,587	\$ 37,816	\$40,975
Median Household Income	\$ 46,992	\$ 28,771	\$30,727
Per Capita Income	\$ 25,377	\$ 13,129	\$14,161
% Population Below Poverty	10.7%	21.8%	20.7%

Source: The U.S. Census Bureau

**TABLE 5
Housing Costs**

	Beaufort	Hampton	Jasper
Average	\$180,186	\$ 49,986	\$73,915
Median	\$168,100	\$ 51,400	\$64,900

Source: The U.S. Census Bureau

Hampton and Jasper Counties are much smaller and poorer economies. Agriculture and manufacturing make up a much higher portion of the theses local economies. Tables 4 and 5 show the substantial differences among the three South Carolina counties for income and housing costs respectively. The poverty rate for Hampton and Jasper Counties is double the poverty rate for Beaufort County.

Just as second home and retirement populations can be viewed as part of a region’s export demand, military bases and their personnel can be viewed as part of the region’s export-base. Spending by both the bases and the personnel stationed at the bases in the region’s economy comes from money generated outside the region, e.g. the rest of the U.S.

The three military bases located in Beaufort county are: the Marine Corps Air Station, MCAS; the Marine Corps Recruit Deport, MCRD; and, the Naval Hospital (NH). Table 6 provides the populations by base. The MCAS with 3,935 personnel represents 64% of the area’s military personnel. For all three bases, the base related population, permanent military personnel and

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their dependants living in the region, total 20,299 and account for an additional 14% in the population base of Beaufort County.⁶ In addition to the permanent military population, the MCRD is a major training facility for the Marine Corps on the east coast with 19,983 trainees in 2002.

Civilian employment at the three bases totaled 1,249 in 2002. The civilian payroll in the same year was \$49.2 million. The average annual wage paid to civilian employees was \$39,392 in 2002.⁷ Using data on average weekly wages developed by the Greater Beaufort-Hilton Head Economic Partnership, Inc., it is estimated that annual wage paid in Beaufort county in 2002 was approximately \$25,000.⁸ Even adjusting for benefits at 10% of base salary, the civilian jobs associated with the military pay approximately \$10,000 more per year than the average wage paid in Beaufort County.

It may be argued that the impact of the 19,983 trainees is very small because for most of the time spent at Parris Island they do not have privileges which allow them to leave the base. However, the \$49.2 million in payroll amounts to a potential local expenditure of \$2,462 per recruit. It is likely that a significant portion of this will be spent locally for activities associated with graduation and post-graduation prior to transfer for permanent assignment. The loss of this source of expenditures will be included in the impact analysis of the closures. However, to err on the conservative side this report has not included any additional expenditures associated with visits of family and friends for graduation exercises at the MCRD.

⁶ Military personnel and their dependents are not counted by the Census in the resident population. Beaufort county had a population of 120,937 during the 2000 Census. The bases add an additional 20,299 people to the county for a total population of 141,236.

⁷This would include the cost of benefits.

⁸ The Greater Beaufort-Hilton Head Economic Partnership, Inc. estimated the average weekly wage for Beaufort county at approximately \$500 in 2002. The estimate does not include benefits. This was annualized assuming a 50 week work year.

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Conclusions

Beaufort, Hampton and Jasper Counties are part of the Savannah MSA regional economy. Beaufort County is clearly the dominant economic center in the South Carolina portion of the region. The Beaufort County economy is highly specialized in services with service employment accounting for 58% of all employment in Beaufort County and retail and wholesale trade accounting for an additional 16% of Beaufort County employment. The high degree of specialization in services and trade is possible, in part, because of the significant military presence. As will be shown in the discussion of the potential economic impact of base closures, the impact will be concentrated in the Beaufort County economy with spillovers throughout the region.

The three military facilities located in Beaufort County are a significant presence in the region's economy. Should BRAC result in closure of all three facilities, the area would lose 14% of its population, a population approximately equivalent to the population of Jasper County. That population is associated with annual expenditures of \$312.8 million.

The region would also lose 1,249 direct civilian jobs which pay 1.4 times more than the average annual wage earned in Beaufort County. Further, beyond the military and civilian employment, the bases annually spend \$141.6 million on non-payroll purchases and contracts.

MODELING THE POTENTIAL IMPACT OF BRAC

The assessment of the potential economic impact of BRAC was carried out using the regional policy modeling system, REMI Policy Insights.⁹ Two REMI policy models were constructed for the study. One model was of Beaufort County and a second model was of Hampton and Jasper Counties.¹⁰

Three impact scenarios were assessed. One, the worst case scenario, estimated the impact of closing all three facilities. The other two scenarios were of partial closures. One partial closure included elimination of the MCAS and the NH. The second partial closure included the elimination of the MCRD and the NH.

In this section of the report there is a brief discussion of the REMI model. The section on the model is followed by a discussion of the data used to estimate the direct impact of the closure scenarios and the assumptions which were made in modeling the closure impacts.

The REMI Model¹¹

REMI Policy Insight™ is a structural model, meaning that it clearly includes cause-and-effect relationships. The model is based on two key underlying assumptions from mainstream economic theory: households maximize utility and producers maximize profits. Since these

⁹ The REMI Policy Insights model is the product of REMI, Inc. of Amherst, MA.

¹⁰ The impacts were also modeled for the entire Savannah MSA. Loss of the three military bases in Beaufort County does have a spillover effect on the entire region's economy, but this paper will focus on the impact in South Carolina.

¹¹ The following discussion of the REMI model was taken from material prepared by REMI, Inc.

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assumptions make sense to most people, lay people as well as trained economists can understand the model.

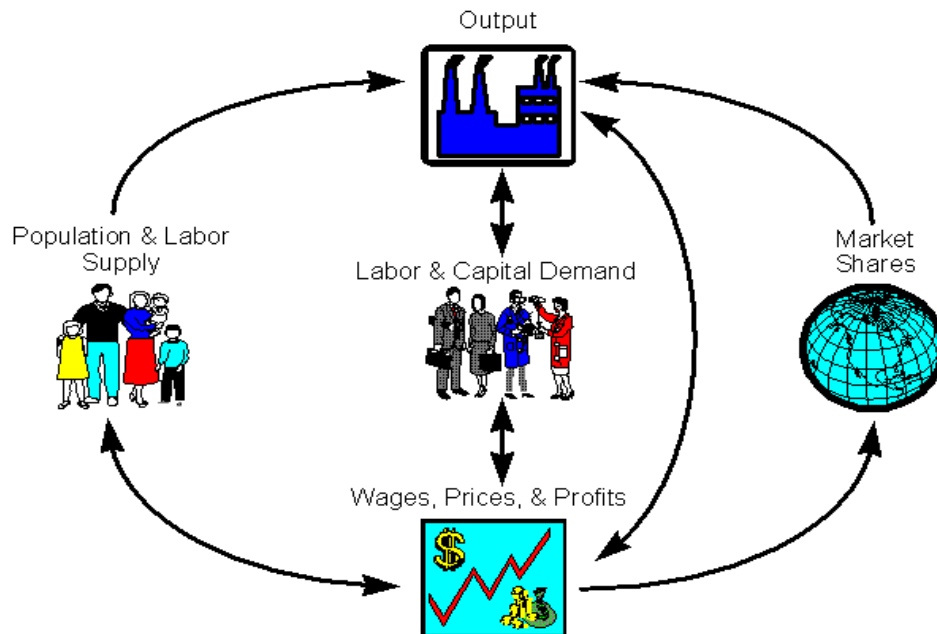
In the model, businesses produce goods to sell to other firms, consumers, investors, governments and purchasers outside the region. The output is produced using labor, capital, fuel, and intermediate inputs. The demand for labor, capital and fuel per unit of output depends on their relative costs, since an increase in the price of any one of these inputs leads to substitution away from that input to other inputs. The supply of labor in the model depends on the number of people in the population and the proportion of those people who participate in the labor force. Economic migration affects the population size. People will move into an area if the real after-tax wage rates or the likelihood of being employed increases in a region.

Supply and demand for labor in the model determine the wage rates. These wage rates, along with other prices and productivity, determine the cost of doing business for every industry in the model. An increase in the cost of doing business causes either an increase in prices or a cut in profits, depending on the market for the product. In either case, an increase in costs would decrease the share of the local and U.S. market supplied by local firms. This market share combined with the demand described above determines the amount of local output. Of course, the model has many other feedbacks. For example, changes in wages and employment impact income and consumption, while economic expansion changes investment and population growth impacts government spending.

Figure 2-1 is a pictorial representation of REMI Policy Insight. The Output block shows a business that sells to all the sectors of final demand as well as to other industries. The Labor and Capital Demand block shows how labor and capital requirements depend both on output and their relative costs. Population and Labor Supply contribute to demand and to wage determination. Economic migrants in turn respond to wages and other labor market conditions. Supply and demand interact in the Wage, Price and Profit block. Prices and profits determine market shares. Output depends on market shares and the components of demand.

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FIGURE 2-1 REMI POLICY INSIGHT™ OVERVIEW



The REMI model brings together all of the above elements to determine the value of each of the variables in the model for each year in the baseline forecast. The model includes all the inter-industry interactions that are included in input-output models in the Output block, but goes well beyond an input-output model by including the linkages among all of the other blocks shown in Figure 2-1.

In order to broaden the model in this way, it was necessary to estimate key relationships. This was accomplished by using extensive data sets covering all areas in the country. These large data sets and two decades of research effort have enabled REMI to simultaneously maintain a theoretically sound model structure and build a model based on all the relevant data available.

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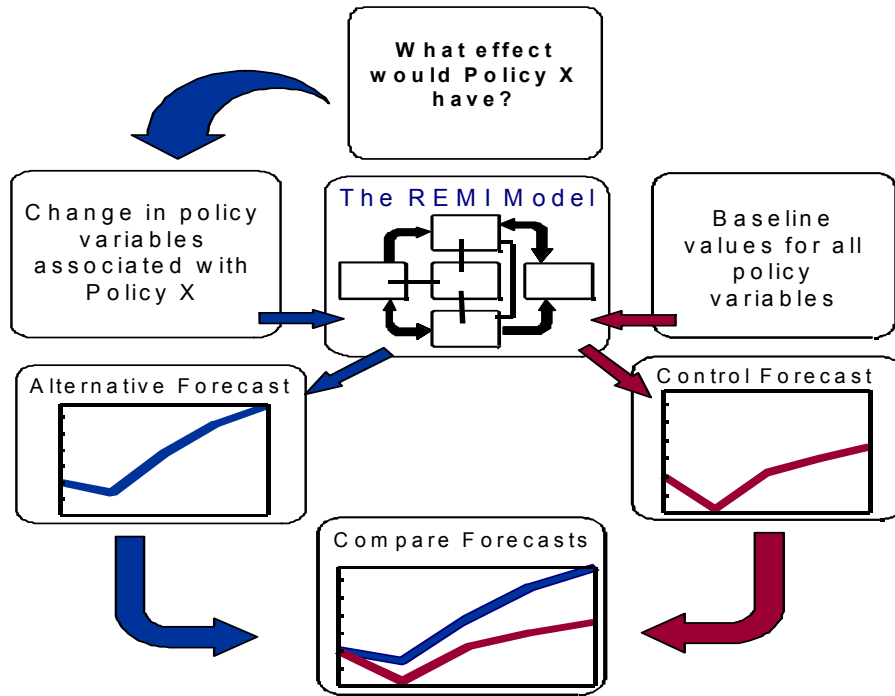
The model has strong dynamic properties, which means that it forecasts not only what will happen but also when it will happen. This results in long-term predictions that have general equilibrium properties. This means that the long-term properties of general equilibrium models are preserved while maintaining accurate year-by-year predictions and estimating key equations using primary data sources.

Figure 2-2 shows the policy simulation process for a scenario called Policy X. The effects of a scenario are determined by comparing the baseline REMI forecast with an alternative forecast that incorporates the assumptions for the scenario. The baseline REMI forecast uses recent data and thousands of equations to generate projected economic activity for a particular region. The policy variables in the model are set equal to their baseline value (typically zero for additive variables and one for multiplicative variables) when solving for the baseline forecast. To show the effects of a given scenario, these policy variables are given values that represent the direct effects of the scenario. The alternative forecast is generated using these policy variable inputs.

Figure 2-2 shows how this process would work for a policy change called Policy X.

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FIGURE 2-2 POLICY X SCENARIO



For this study, the Policy X are the three closure configurations which are described above: 1) all bases closed; 2) MCAS and NH are closed; and 3) MCRD and NH are closed. The impacts are assessed relative to the expected growth in the region's economy assuming no closures and growth as forecast to 2020 by REMI.

Data and Assumption

All of the data used in this study were provided under the Freedom of Information Act by the bases. Each facility provided information on: 1) total military personnel and military payroll; 2) total civilian personnel and civilian payroll; and, 3) total non-payroll contracts and expenditures. The information was for all of 2002.

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TABLE 6
Personnel, Payroll, and Expenditures by Base (2002)

	MCRD & NH	MCAS & NH	MCRD, MCAS & NH
Total Military Personnel	2,632	4,374	6,567
Civilians Employed by Base	638	900	1,249
Recruits (MCRD)	19,983	-	19,983
Military Payroll	\$ 90,447,222	\$ 147,014,242	\$ 212,947,222
Civilian Payroll	\$ 28,722,740	\$ 29,500,000	\$ 49,222,740
Recruits Payroll	\$ 50,670,600		\$ 50,670,600
Contracts	\$ 31,620,888	\$ 42,320,288	\$ 62,975,728
Budget (Non-Payroll)	\$ 50,222,422	\$ 58,682,299	\$ 78,581,721
Total	\$ 251,683,871	\$ 277,516,828	\$ 454,398,010

Table 6 shows the staffing, payroll and non-payroll expenditures for each of the three closure configurations. Of the partial closures, the loss of the MCAS and NH would have a slightly larger direct effect at 61% of the worst case scenario. However, this scenario would result in a loss of 72% of the civilian jobs.

BRAC is not an instantaneous process. Once a base is designated to be closed, several years may elapse before the closure is complete. This presents the first challenge which must be resolved in the modeling process, how to reflect the timing of the impact of a closure. This study takes the approach that the objective of the analysis is to identify the economic importance of the military facilities. This is best accomplished by assuming that closure amounts to instantaneous elimination of all expenditures associated with the base's operation and payroll. Since the data provided was based on 2002, the study simulates the closures as if they occurred on December 31, 2002.

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Second, in previous rounds of BRAC communities with significant economic impacts from closures were provided with Federal redevelopment funds. It may be that similar assistance will be provided as part of the 2005 BRAC, however the timing as to when such support might be available and the amount of the support which may be provided are completely unknown. Therefore, for this study it was assumed that there would be no offsetting injections of Federal redevelopment funds to replace the lost military expenditures.

Third, as part of the previous BRACs in most cases; the closed military facilities were offered for sale. Communities were encouraged to prepare base re-use plans and to systematically market the base infrastructure for community-wide economic development. In the present round, it is unclear if facilities will be offered for sale and re-use. Some discussion has focused on the need to retain some capacity to provide flexibility in future military options. Further, even if bases are offered for sale and re-use again, one is confronted with the problem of speculating as to when and what type of re-use may occur. To avoid such long-range speculative assumptions, this study assumes no re-use of the facilities.

Each of the closure configurations includes closure of the naval hospital. The primary reason is that the demand for hospital services will be insufficient with the loss of either one of the other facilities. However, the services provided by the hospital and some portion of the expenditures may not be lost even if the hospital facility is closed. Some services may potentially be provided locally through emergency and outpatient clinics located at each of the other facilities. Again, since the purpose of this study is to show the economic importance of the facilities and since what portion of the current hospital expenditures may remain in the economy is unknown, it was assumed that all hospital expenditures and payroll will leave the economy.

THE ESTIMATED IMPACT OF BRAC ON THE TRI-COUNTY LOWCOUNTRY ECONOMY

As described previously this study will simulate the economic impact of BRAC showing the changes relative to the projected course of the economy with no closures. REMI is an ideal tool for this type of analysis, since all policy impacts are measured against the forecast background of economic growth.

In this section of the report the baseline forecast will first be presented. In forecasting, REMI incorporates forecasts of US economic growth. The growth of a sub-region is estimated from past regional growth relative to overall US growth and the region's relative competitiveness.

The impact of each of the closure configurations is presented as measured by changes from the baseline. Hence, within the simulations of the impact of lost military spending in the local economy, is the long-term trend in economic development for the region. The simulations show that over time the economy partially grows out of the losses even if no new economic development strategies are undertaken. The simulations also show that this is a very long process.

The Baseline Forecast: No Base Closures

Gross Regional Product (GRP) in real 1996 dollars, the value annually of all goods and services produced by the Tri-County economy, is expected to increase from \$6.1 billion in 2003 to \$8.9 billion in 2020. GRP in real terms over the 17 year period between 2003 and 2020 is expected to increase by 46%. The GRP for Beaufort County is expected to increase by nearly 45% over the

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2003 to 2020 period. Total GRP for Beaufort County will reach an estimated \$7.7 billion in real 1996 dollars. Beaufort's GRP will represent 87% of Tri-County GRP.

Growth in GRP will result in growth in employment and population.¹² Table 7 shows that total employment for the Tri-County is expected to reach 116,691 in 2020, an increase 12,771 or an increase of approximately 12%.¹³ Retail Trade, Services and State and Local Government employment account for approximately 56% of total Tri-County employment.

**TABLE 7
Employment By Sector (3 Counties SC)**

Employment	2003	2005	2010	2015	2020
Construction	8,723	8,761	8,876	8,461	8,049
Retail Trade	20,054	20,776	21,695	21,673	21,247
Services	28,062	29,318	31,899	32,883	33,360
State and Local	9,589	9,853	10,524	10,857	11,051
Other	37,492	38,536	40,976	42,091	42,984
Total	103,920	107,244	113,970	115,965	116,691

Source: REMI

Table 8 shows employment for Beaufort County for the 2003 to 2020 period. Total employment is expected to increase by nearly 13%, increasing by 11,305. This means that 89% of the region's employment increase will occur in Beaufort County.

**TABLE 8
Employment By Sector (Beaufort)**

Employment	2003	2005	2010	2015	2020
Construction	7,292	7,309	7,358	6,970	6,594
Retail Trade	17,307	17,955	18,763	18,708	18,303
Services	24,456	25,621	27,981	28,835	29,212
State and Local	6,808	7,005	7,500	7,737	7,875
Other	32,436	33,435	35,759	36,797	37,620
Total	88,299	91,325	97,361	99,047	99,604

Source: REMI

¹² Increases in population are both caused by and the cause of economic growth.

¹³ Only selected employment categories are provide in the table.

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Tables 9 and 10 show the expected increase in population between 2003 and 2020 assuming no base closures. Population in the Tri-County is expected to increase by 32,043 from 175,116 in 2003 to 207,159 in 2020. This is an 18% increase in 17 years. As with employment most of this growth will be in Beaufort County which is projected to gain 24,549 people, increasing from a population of 131,480 in 2003 to 156,029 in 2020. This represents 75% of the expected Tri-County growth in population.

**TABLE 9
Population By Age (3 Counties SC)**

Population by Age	2003	2005	2010	2015	2020
Ages 0- 14	35,647	36,068	37,993	40,653	43,417
Ages 15- 24	28,278	29,636	31,985	32,011	31,510
Ages 25- 64	84,568	85,392	88,012	89,937	91,297
Ages 65+	26,623	28,511	32,613	36,911	40,937
Total	175,116	179,606	190,604	199,511	207,159

Source: REMI

**TABLE 10
Population By Age (Beaufort)**

Population by Age	2003	2005	2010	2015	2020
Ages 0- 14	26,038	26,495	28,223	30,419	32,913
Ages 15- 24	22,096	23,365	25,239	25,517	25,123
Ages 25- 64	61,820	61,897	63,404	64,310	64,991
Ages 65+	21,525	23,243	26,702	30,030	33,003
Total	131,480	135,000	143,567	150,276	156,029

Source: REMI

Tables 9 and 10 also show the distribution of population by age over the forecast period. In 2003 15% of the Tri-County population is 65 years of age or older. In Beaufort County in 2003, 16% of the population is age 65 or older. This is 4% higher than the percent of the U.S. population age 65 and older. By 2020 it is estimated that the percent of the population age 65 and older in Beaufort County will reach 21% with the percent of the Tri-County population age 65 and older increasing to nearly 20%.

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**TABLE 11
Total Migrants and Labor Force**

3 Counties SC	2003	2005	2010	2015	2020
Migrants	1,409	1,396	1,194	938	776
Labor Force	79,308	81,783	87,251	89,504	90,454
Beaufort					
Migrants	1,207	1,190	1,022	817	703
Labor Force	58,692	60,777	65,220	67,043	67,731

Source: REMI

Table 11 shows projected Labor Force and Migration for both the Tri-County and Beaufort County. It should first be noted that this shows a rare instance in which the labor force is less than employment.¹⁴ In the Tri-County employment exceeds the labor force by 24,612 in 2003. The gap will increase with employment exceeding labor force by 26,237 in 2020.

In Beaufort County employment exceeds the labor force in 2003 by 29,607. This indicates that Hampton and Jasper Counties supply at least part of the employment, filling jobs that would otherwise be empty. By 2020 employment will exceed the labor force by 31,873 in Beaufort County.

With the demand for labor in excess of the supply of labor, migration to the Tri-County region is positive, initially exceeding more than 1,400 people per year and declining to more than 775 per year over the 17 year period. Approximately 86% of the migration is to Beaufort County.

The apparent large deficit between the demand and supply of labor is also partially explained by the military personnel. Military personnel are not counted in the population and military dependents are not counted in the population. However, military personnel who take a second job or military spouses and children who are employed are counted in total employment. With a

¹⁴ By definition labor force is the population age 16 or older, except the military, which is employed or actively seeking employment.

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total military population of 20,299 this might account for half of the gap between the demand for and supply of labor. The balance of the employment would be accounted for by commuters and migrant labor.

Per Capita Real Personal Disposable Income in the Tri-County region and Beaufort County is expected to increase by 33% between 2003 and 2020. Table 12 shows that there will continue to be a disparity in income with incomes significantly lower in Jasper and Hampton Counties, since the inclusion of the much smaller population of Jasper and Hampton counties results in a lower per capita income in the Tri-County region than in Beaufort alone. The disparity increases from \$2,833 dollars in 2003 to \$3,739 in 2020.

TABLE 12
Per Capita Real Personal Disposable Income (Fixed 96\$)

3 Counties SC	2003	2005	2010	2015	2020
Real Disp Pers Inc per Cap	22,891	24,138	26,847	28,735	30,391
Beaufort					
Real Disp Pers Inc per Cap	25,724	27,151	30,201	32,312	34,130

Source: REMI

REMI also estimates the optimal and actual value of both residential and non-residential capital stock. For non-residential capital stock, the optimal or desired capital stock is determined by the expected changes in GRP and total factor productivity for each industry. Regional variations in capital preferences are incorporated into the model. The actual capital stock is the value of the existing capital stock at the end of the previous year less depreciation.

For residential capital stock, the optimal or desired capital stock is determined by expected increases in population and income. Again regional variations in capital preferences are incorporated into the model. Actual residential capital stock is the value of the residential capital stock at the end of the previous year less depreciation.

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Investment spending is a function of the gap between optimal or desired capital stock and actual capital stock. When optimal capital stock is greater than actual capital stock investment spending is stimulated. When optimal capital stock is less than actual capital stock, investment spending contracts until the value of actual capital stock decreases.

Table 13 shows the actual and optimal capital stock for both residential and non-residential capital for the Tri-County area and for Beaufort County. Optimal capital stock exceeds the actual capital stock throughout the forecast period. The value of the actual non-residential capital stock for the Tri-County area is expected to increase by 39%. The value of the actual residential capital stock is expected to increase by 66%. For Beaufort County alone, the value of the actual non-residential capital stock is expected to increase by 43% and the value of the residential capital stock is expected to increase by 71%. In fact, changes in the value of the capital stock in Beaufort County will out strip changes in the value of the capital stock in the Savannah MSA. The value of the actual non-residential and residential for the Savannah MSA will increase by 32% and 53% respectively.

**TABLE 13
Capital Stock (Fixed 96\$)**

3 Counties SC	2003	2005	2010	2015	2020
Residential					
Act Capital Stock	6,122,000,000	6,624,000,000	7,884,000,000	9,056,000,000	10,097,000,000
Opt Capital Stock	9,315,000,000	9,910,000,000	11,352,000,000	12,440,000,000	13,407,000,000
Non Residential					
Act Capital Stock	3,558,000,000	3,752,000,000	4,239,000,000	4,673,000,000	5,046,000,000
Opt Capital Stock	6,076,000,000	6,372,000,000	7,016,000,000	7,408,000,000	7,788,000,000
Beaufort					
Residential					
Act Capital Stock	4,835,000,000	5,264,000,000	6,329,000,000	7,304,000,000	8,157,000,000
Opt Capital Stock	7,509,000,000	8,009,000,000	9,199,000,000	10,076,000,000	10,841,000,000
Non Residential					
Act Capital Stock	2,845,000,000	3,009,000,000	3,411,000,000	3,748,000,000	4,014,000,000
Opt Capital Stock	4,926,000,000	5,162,000,000	5,652,000,000	5,887,000,000	6,096,000,000

Source: REMI

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Summary: The Baseline Forecast

The baseline forecast is generated under the assumption of no structural changes of any kind and no positive or negative shocks. Growth is forecast along a path which is consistent with the expected growth in the U.S. economy and growth which reflects the region's competitive advantage.

By all economic measures, the Tri-County region is expected to grow. GRP, population, employment, and per capital real disposable personnel income are all expected to increase. Investment in both business capital stock and residential capital stock increase throughout the period to accommodate growth in population and output. Absent any changes in development strategy for the region, there will remain a significant economic disparity within the region with Hampton and Jasper Counties lagging behind Beaufort County.

Some of the most significant forecasts are with respect to the age profile of the population. Compared to the U.S. as a whole, the southeast tends to have a higher percentage of the population age 65 years and older than the average for the rest of the country. In 2000, for the U.S. as a whole, 12% of the population was age 65 year or older. In the southeast for 2000, 13% of the population was age 65 years or older. However, the percent of the population age 65 years and older in the Tri-County is significantly above the average for the southeast U.S. In the Tri-County the percent of the population age 65 years or older was 15% by 2020. By 2020, the percent of the Tri-County population age 65 or older is expected to increase to 21% . This is 2% above the percent of the expected southeast U.S. population which will be age 65 years or older.¹⁵

¹⁵ For the Savannah MSA as a whole the percent of the population age 65 or older in 2000 was 12%. By 2020 it is expected that the percent of population age 65 or older in the Savannah MSA will be 14%.

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The Potential Impact of BRAC

As described previously, three closure configurations are used to simulate the potential impact of BRAC on the Beaufort and Tri-County economies. The impact estimates are measured as the change from the previously mentioned baseline forecast. Additionally, as previously discussed the impacts were modeled given an assumption that no policies will be implemented to mitigate any of the negative impacts of closure.

Table 14 shows the expenditures which will be removed from the economy for each of the closure scenarios. The closure of the MCAS and NH are 61% of the total expenditures of the worst case scenario. The closure of the MCRD and NH are 55% of the total expenditures of the worst case scenario.

TABLE 14
Personnel, Payroll, and Expenditures by Base (2002)

	MCRD & NH	MCAS & NH	MCRD, MCAS & NH
Total Military Personnel	2,632	4,374	6,567
Civilians Employed by Base	638	900	1,249
Recruits (MCRD)	19,983	-	19,983
Military Payroll	\$ 90,447,222	\$ 147,014,242	\$ 212,947,222
Civilian Payroll	\$ 28,722,740	\$ 29,500,000	\$ 49,222,740
Recruits Payroll	\$ 50,670,600	-	\$ 50,670,600
Contracts Budget (Non-Payroll)	\$ 31,620,888	\$ 42,320,288	\$ 62,975,728
	\$ 50,222,422	\$ 58,682,299	\$ 78,581,721
Total	\$ 251,683,871	\$ 277,516,828	\$ 454,398,010

Total expenditures by all three bases in 2002 were \$454.4 million. Combining the three bases provides 1,249 civilian jobs. Non-payroll expenditures and contracts account for 31% of the expenditures. Combined civilian and military payroll account for \$312.8 million.

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The analysis of the potential impact of BRAC was simulated by permanently reducing demand for the region's goods and services in 2002 dollars for the forecast horizon out to 2020.

The Potential Impact of BRAC: Closure of All Three Facilities

● **GRP**

Reducing total demand for regional goods and services by \$454.4 million dollars. GRP for the Tri-County region falls by \$201.2 million in year one. GRP falls by less than the total decrease in demand because some of the losses are exported to other economies by reduced imports in the amount of \$283.9 million. Economic growth diminishes the initial impact over the remaining 17 year forecast horizon, but GRP remains below the level of the forecasts with no base closures by \$132.8 million in 2020. As the region's principle growth center the bulk, 99%, of the impacts are to the Beaufort County economy.

One of the components of GRP which is most critical to economic development is regional investment expenditures including investment in residential housing. Closure of all three bases results in a decrease in investment expenditures in year one \$121.5 million. Investment expenditures remain below the projected levels for the entire forecast horizon of 17 years with no base closures.

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● **Employment**

TABLE 15
Employment (All Bases)

Employment	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Construction	-388	-326	-222	-169	-135	-386	-324	-223	-171	-137
Retail Trade	-1,232	-1,117	-894	-758	-650	-1,221	-1,106	-886	-753	-645
Services	-1,232	-1,115	-894	-765	-670	-1,221	-1,105	-886	-757	-663
State and Local	-33	-80	-146	-173	-179	-30	-75	-138	-165	-172
Other	-996	-874	-647	-515	-423	-986	-866	-643	-513	-421
Total	-3,493	-3,186	-2,581	-2,211	-1,922	-3,458	-3,152	-2,553	-2,187	-1,901

Table 15 shows the impact of closing all three bases on employment for both the Tri-County region and Beaufort county. A total of 3,493 jobs are lost in the initial year in the Tri-County area. This is in addition to the direct loss of 1,249 civilian jobs which will exceed the expected number of jobs to be created should the proposed Daimler-Chrysler plant be built in the region. As the economy grows over the next seventeen years, the impact on employment is cut nearly in half with employment remaining below the baseline projection by 1,922 jobs in the Tri-County. Table 15 also shows that the majority of the impact is concentrated in Beaufort County.¹⁶

Table 15 also shows the sectors which are mostly highly impacted by job losses. Over time the lost employment is reduced in all sectors except for State and Local Government Employment (S&LG). Losses in S&LG employment below the projected baseline continue to rise through out the forecast period because as will be discussed below regional population continues to decline. Again, the impacts will be concentrated in Beaufort County.

¹⁶ Alternatively, one might say that 3,493 jobs in the Tri-county economy depend on the dollars spent by the bases, the military personnel and their dependents.

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● **Population, Labor Force and Income**

TABLE 16
Population By Age (All Bases)

Population by Age	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Ages 0- 14	-205	-511	-972	-1,164	-1,062	-193	-484	-929	-1,124	-1,036
Ages 15- 24	-161	-352	-458	-460	-607	-152	-333	-437	-443	-585
Ages 25- 64	-255	-651	-1,307	-1,643	-1,738	-240	-616	-1,245	-1,575	-1,676
Ages 65+	0	-6	-37	-82	-128	0	-5	-36	-78	-123
Total	-624	-1,523	-2,765	-3,331	-3,522	-588	-1,440	-2,639	-3,201	-3,408

TABLE 17
Total Migrants and Labor Force (All Bases)

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Migrants	-615	-374	-115	-16	51	-579	-356	-113	-20	45
Labor Force	-723	-1,382	-1,800	-1,776	-1,724	-670	-1,279	-1,667	-1,652	-1,609

TABLE 18
Per Capita Real Disposable Personal Income (All Bases) Fixed 96\$

Real Disp Pers Inc	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
	-285	-179	-10	73	114	-350	-197	46	170	231

Tables 16, 17 and 18 show the impacts of base closure of all three bases on the Tri-County population, migration, labor force and per capita real disposable personal income. The decreases in population by age are in excess to the direct loss of 20,299 military personnel and their dependents. Losses in school age population and losses in prime work age population are roughly equal. The decreases in the age 65 years and older population are minimal. In an area like Beaufort County which in the baseline projection shows an expected 21% of the population age 65 years or older the out migration of prime work age population will further imbalance the demographic profile.

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Two forces are at work to decrease the population below the baseline forecasts. First, since the region's economy will perform below the baseline level, fewer people will migrate to the region. Second, there will be out migration. As shown in Table 17, out-migration of those currently residing in the Tri-County region and Beaufort County will first increase, and then decrease gradually after 2015.

With net out-migration replacing economic in-migration, there are decreases in the workforce below the projections for the no base closures scenario. The decrease in the workforce below the baseline projection slows after 2010. Continued below baseline changes in the labor force through 2020 are a primary indicator that region's economy has not erased the economic disruption which will be created by closure of all three bases.

Table 18 shows that per capita real disposable personal income will remain below the level, which the baseline forecast estimated with normal growth through 2010 for the Tri-County and for Beaufort County. Decreases in per capita real disposable personal income will be 22% higher in year one in Beaufort County than for the region as a whole. However, per capita real disposable personal income in Beaufort County will rise above the baseline level by 2010 and will rise above the baseline in the Tri-County region in 2015. To the extent that per capita real disposable personal income is a measure of economic welfare, this measure suggest that the economy recovers from base closure within 7 to 12 years of closure. This does not mean that growth has been restored within that period, but the people who remain in the region have gained the purchasing power they would have had with no base closures.

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- **Business Losses, Losses in Residential Property Values and Adjustment in the Capital Stock¹⁷**

TABLE 19
Capital Stock (All Bases) Fixed 96\$

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Residential										
Act Capital Stock	-13,991,000	-38,540,000	-83,600,000	-111,870,000	-128,840,000	-13,134,000	-36,210,000	-78,910,000	-106,070,000	-122,620,000
Opt Capital Stock	-144,200,000	-152,110,000	-163,710,000	-170,610,000	-171,930,000	-135,400,000	-143,100,000	-155,150,000	-162,560,000	-164,410,000
Non-Residential										
Act Capital Stock	-19,635,000	-51,660,000	-99,290,000	-118,060,000	-122,170,000	-19,588,000	-51,550,000	-99,150,000	-118,030,000	-122,250,000
Opt Capital Stock	-280,500,000	-263,200,000	-219,910,000	-189,830,000	-167,030,000	-279,900,000	-262,700,000	-219,850,000	-190,110,000	-167,410,000

The value of a business investment depends on the value of the goods and service that investment can generate. Capital which cannot generate a return sufficient to cover the cost of the investment, or capital which is not profitable, loses value. Closure of all three bases will remove \$454.4 million in total demand from the Tri-County economy. This will eliminate the profit on some business capital and reduce the return on other business capital. As returns on the least profitable portions of the capital stock are eliminated, businesses are closed and/or reduced in size. This reduces the value of the actual capital stock.

¹⁷ Appendix B contains summary tables showing the expected impacts of the closure of all three bases on State and Local Government expenditures and revenues

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Table 19 shows that the optimal level of non-residential capital in the Tri-County will decline by \$285.0 million in year one. Actual capital stock will decrease more modestly falling by \$19.6 million. The impact will be almost entirely concentrated in Beaufort County.

Over the balance of the forecast horizon, the optimal capital stock remains below the level which was forecast in the baseline with no closures. The actual losses in business value continue to increase throughout the 17 year period with the value of the actual capital stock below the baseline projection in 2020 by \$122.2 million. Growth within the region cannot offset the lost profitability of business investment, but reductions in optimal capital stock decrease over the 17 year period.

The value of investment in residential property depends on the demand for the stream of services produced by the property. A decrease in the demand for residential services reduces the value of the investment in the residential capital stock. Demand for residential services in turn depends on changes in total population and income or purchasing power.

Table 19 also shows that the optimal level of residential capital stock will decrease by \$144.2 million in year one. However, unlike the value of optimal capital stock for non-residential capital, the optimal level of the residential capital stock continues to decline through time reaching \$171.9 million below the baseline projections.

The value of the actual residential capital stock decreases by \$13.9 million in year one, and will decrease below the baseline to \$128.8 million by 2020. Again, the impacts are concentrated in Beaufort County.

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The Potential Impact of BRAC: Closure of MCAS and NH

The closure of MCAS and NH will result in a \$277.5 million decrease in the demand for goods and services. It will also eliminate over 900 civilian jobs from the region. This is 61% of the total demand created by all three bases, and 72% of the civilian jobs created by all three bases.

Appendix A contains the tables showing the detailed impacts on GRP, Employment, Population, etc. for closure of the MCAS and NH. Category by category, the impacts are proportional at approximately 60% of the above estimated impacts. In year one:

- total employment will fall by 2,059;
- per capita real disposable personal income will fall by between \$175 and \$216; and,
- optimal residential and non-residential capital stock will decrease by \$88.0 million and \$158.5 million respectively.

The Potential Impact of BRAC: Closure of MCRD and NH

The closure of MCRD and NH will result in a \$251.7 million decrease in the demand for goods and services. It will also eliminate over 683 civilian jobs from the region. This is 55% of the total demand created by all three bases and 51% of the civilian jobs created by all three bases.

Appendix A contains the tables showing the detailed impacts on GRP, Employment, Population, etc. for closure of the MCRD and NH. Category by category the impacts are proportional at approximately 55% of the above estimated impacts. In year one:

- total employment will fall by 2,019;
- per capita real disposable personal income will fall by between \$167 and \$205; and,

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- optimal residential and non-residential capital stock will decrease by \$84.1 million and \$148.1 million respectively.

Conclusions

By all economic measures, closure of two or more of the military facilities located in Beaufort County will have a significant and lasting negative impact on the Tri-County economy. As the primary growth center in the region, more than 90% of all impact will accrue in Beaufort County, but the effects while appearing less significant in Hampton and Jasper, will be devastating for the weaker dependent economies.

Communities in previous BRACs which have experienced closures comparable to the closure of all three bases in the Tri-County area have had mixed experience with post closure recovery. There were 13 closures of comparable size as measured by direct civilian jobs lost in previous BRAC's, three were better off as of 2001, with more jobs created than lost. The other ten had still created fewer jobs than had been lost due to closure.¹⁸

There are several reasons to consider that the potential for rapid short-term recovery is poorer for communities hit by the in-the-present BRAC cycle than in previous BRAC cycles. The primary factor reducing the potential for recovery is the weak economy. The major BRACs of the 1990s all took place in a rapidly expanding economy. Low interest rates and high deficits have had little effect on the relatively stagnant U.S. economy. Further, the 1990s were a decade of rapid and significant increase in wealth, but the decade of 2000 has seen a significant erosion of that

¹⁸ See Appendix IV, *Military Base Closures: Progress in Completing Actions from Prior Realignments and Closures*, GAO-02-433, April 2002, report to the honorable Vic Snyder, House of Representatives. Closures with direct job losses between 1,100 and 1,400 were considered the comparable range to 1,249 civilian jobs at bases in the Tri-County region.

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new wealth as a result of the Dot.Com meltdown, the Enron bankruptcy and similar business failures. Some recovery should be expected by 2005 when closure actually begins, but over all the economy is likely to be less robust than during previous rounds of BRAC.

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APPENDIX A

TABLE 20
Employment (MCAS & NH)

Employment	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Construction	-231	-194	-134	-103	-83	-230	-194	-135	-104	-85
Retail Trade	-661	-598	-476	-402	-342	-653	-591	-471	-397	-339
Services	-786	-710	-569	-489	-429	-782	-706	-566	-486	-426
State and Local	-19	-48	-87	-103	-107	-18	-44	-82	-98	-103
Other	-362	-326	-251	-205	-170	-357	-322	-248	-202	-168
Total	-2,059	-1,876	-1,518	-1,301	-1,131	-2,040	-1,857	-1,503	-1,288	-1,120

TABLE 21
Population By Age (MCAS & NH)

Population by Age	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Ages 0- 14	-121	-304	-579	-695	-636	-114	-287	-554	-671	-621
Ages 15- 24	-95	-209	-273	-275	-363	-90	-198	-261	-265	-350
Ages 25- 64	-151	-387	-779	-981	-1,039	-142	-366	-742	-941	-1,003
Ages 65+	0	-3	-22	-49	-76	0	-3	-21	-46	-73
Total	-370	-905	-1,648	-1,989	-2,106	-348	-855	-1,573	-1,912	-2,039

TABLE 22
Total Migrants and Labor Force (MCAS & NH)

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Migrants	-364	-223	-69	-10	30	-343	-212	-68	-12	27
Labor Force	-430	-819	-1,068	-1,056	-1,026	-397	-757	-988	-981	-957

TABLE 23
Per Capita Real Disposable Personal Income (MCAS & NH) Fixed 96\$

Real Disp Pers Inc	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
	-175	-111	-10	39	65	-216	-124	22	95	133

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**TABLE 24
Capital Stock (MCAS & NH) Fixed 96\$**

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Residential										
Act Capital Stock	-8,539,000	-23,470,000	-50,770,000	-67,900,000	-78,170,000	-8,029,000	-22,093,000	-47,980,000	-64,450,000	-74,480,000
Opt Capital Stock	-88,030,000	-92,490,000	-99,300,000	-103,500,000	-104,300,000	-82,770,000	-87,140,000	-94,210,000	-98,710,000	-99,860,000
Non-Residential										
Act Capital Stock	-11,093,000	-29,170,000	-56,050,000	-66,580,000	-68,830,000	-11,056,000	-29,080,000	-55,900,000	-66,490,000	-68,800,000
Opt Capital Stock	-158,480,000	-148,640,000	-124,030,000	-106,900,000	-93,930,000	-157,940,000	-148,160,000	-123,850,000	-106,940,000	-94,040,000

**TABLE 25
Employment (MCRD & NH)**

Employment	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Construction	-210	-176	-120	-92	-74	-208	-175	-120	-92	-74
Retail Trade	-719	-652	-524	-448	-387	-713	-647	-521	-446	-385
Services	-763	-689	-553	-475	-418	-759	-686	-550	-473	-415
State and Local	-19	-46	-85	-101	-105	-18	-43	-80	-96	-101
Other	-308	-277	-213	-173	-144	-304	-273	-210	-171	-142
Total	-2,019	-1,841	-1,495	-1,290	-1,127	-2,002	-1,824	-1,482	-1,278	-1,118

**TABLE 26
Population By Age (MCRD & NH)**

Population by Age	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Ages 0- 14	-118	-296	-564	-678	-622	-111	-280	-540	-656	-608
Ages 15- 24	-93	-204	-266	-269	-355	-88	-193	-255	-259	-343
Ages 25- 64	-147	-377	-758	-957	-1,015	-139	-357	-724	-920	-982
Ages 65+	0	-3	-22	-47	-74	0	-3	-21	-45	-72
Total	-360	-881	-1,605	-1,940	-2,060	-340	-835	-1,536	-1,870	-1,999

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**TABLE 27
Total Migrants and Labor Force (MCRD & NH)**

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Migrants	-355	-217	-67	-11	28	-335	-207	-67	-13	25
Labor Force	-419	-800	-1,044	-1,036	-1,010	-388	-741	-969	-965	-944

**TABLE 28
Per Capita Real Disposable Personal Income (MCRD & NH) Fixed 96\$**

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Real Disp Pers Inc	-167	-105	-8	40	65	-205	-116	25	96	133

**TABLE 29
Capital Stock (MCRD & NH) Fixed 96\$**

	3 Counties SC					Beaufort				
	2003	2005	2010	2015	2020	2003	2005	2010	2015	2020
Residential										
Act Capital Stock	-8,160,000	-22,472,000	-48,790,000	-65,450,000	-75,600,000	-7,672,000	-21,144,000	-46,130,000	-62,150,000	-72,070,000
Opt Capital Stock	-84,130,000	-88,680,000	-95,660,000	-100,130,000	-101,320,000	-79,090,000	-83,570,000	-90,790,000	-95,540,000	-97,070,000
Non-Residential										
Act Capital Stock	-10,369,000	-27,290,000	-52,500,000	-62,440,000	-64,680,000	-10,313,000	-27,140,000	-52,250,000	-62,210,000	-64,480,000
Opt Capital Stock	-148,130,000	-139,120,000	-116,300,000	-100,490,000	-88,610,000	-147,340,000	-138,400,000	-115,850,000	-100,250,000	-88,460,000

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APPENDIX B

TABLE 30
Local Revenues and Expenditures - 3 Counties SC (All Bases) Fixed 96\$

Local Revenues	2003	2005	2010	2015	2020
Federal Intergovernmental	-50,470	-124,860	-235,910	-279,600	-292,250
State Intergovernmental	-465,600	-1,164,700	-2,254,900	-2,724,900	-2,886,100
Property Tax	-410,300	-1,100,600	-2,232,200	-2,805,600	-3,063,000
General Sales Tax	-245,320	-225,460	-184,250	-155,940	-134,210
Public Utility Sales Tax	-35,830	-34,630	-33,426	-34,031	-34,500
Other Sales Tax	-197,240	-181,190	-148,170	-125,310	-107,860
Motor Vehicle License	-12,420	-13,217	-14,475	-15,328	-15,678
Other Tax	-195,460	-208,040	-227,880	-241,110	-246,710
Education Charges	-171,910	-260,020	-285,270	-232,590	-284,990
Other Charges & Rev	-2,639,500	-2,808,200	-3,076,300	-3,256,000	-3,330,800
Utility&Liquor Store Rev	-932,700	-992,500	-1,087,400	-1,150,800	-1,177,300
Employee Retirement	-4,137	-4,403	-4,824	-5,105	-5,222
Local Expenditures					
Intergovernmental	-4,133	-10,345	-20,054	-24,260	-25,710
Elementary & Secondary Education; Libraries	-755,300	-1,889,600	-3,662,700	-4,429,000	-4,693,000
Welfare	627	225	-444	-788	-941
Health	-265,090	-663,200	-1,285,300	-1,553,900	-1,646,600
Transportation	-44,510	-111,370	-215,810	-261,000	-276,480
Police, Fire, Correction	-126,540	-316,580	-613,600	-742,000	-786,200
Natural Resources, Parks, Housing	-65,820	-164,720	-319,170	-385,870	-408,900
Sewerage, Solid Waste	-67,450	-168,770	-327,090	-395,480	-419,070
Administration & Unallocable	-128,710	-322,040	-624,100	-754,700	-799,700
Interest on Debt	-68,830	-172,270	-333,720	-403,550	-427,680
Utilities, Transit	-189,690	-474,500	-919,600	-1,112,000	-1,178,300
Insurance Trusts	135	48	-96	-169	-202

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TABLE 31
Local Revenues and Expenditures - 3 Counties SC (MCRD & NH) Fixed 96\$

Local Revenues	2003	2005	2010	2015	2020
Federal Intergovernmental	-29,123	-72,210	-136,910	-162,880	-170,770
State Intergovernmental	-268,580	-673,400	-1,308,600	-1,586,300	-1,686,700
Property Tax	-226,220	-607,500	-1,236,500	-1,561,000	-1,711,500
General Sales Tax	-133,990	-123,240	-101,250	-86,180	-74,590
Public Utility Sales Tax	-20,064	-19,391	-18,799	-19,261	-19,644
Other Sales Tax	-107,670	-99,050	-81,370	-69,270	-59,950
Motor Vehicle License	-7,243	-7,706	-8,460	-8,993	-9,240
Other Tax	-114,000	-121,270	-133,140	-141,540	-145,420
Education Charges	-99,980	-151,160	-166,390	-136,660	-167,500
Other Charges & Rev	-1,539,300	-1,637,700	-1,797,200	-1,911,300	-1,962,900
Utility&Liquor Store Rev	-544,000	-578,700	-635,300	-675,400	-693,900
Employee Retirement	-2,413	-2,567	-2,818	-2,997	-3,078
Local Expenditures					
Intergovernmental	-2,385	-5,983	-11,640	-14,129	-15,028
Elementary & Secondary Education; Libraries	-435,700	-1,093,000	-2,125,500	-2,579,000	-2,743,600
Welfare	363	131	-260	-461	-552
Health	-152,900	-383,500	-746,000	-905,000	-962,600
Transportation	-25,678	-64,400	-125,250	-151,990	-161,620
Police, Fire, Correction	-72,990	-183,160	-356,100	-432,100	-459,500
Natural Resources, Parks, Housing	-37,970	-95,240	-185,260	-224,770	-239,030
Sewerage, Solid Waste	-38,910	-97,600	-189,850	-230,260	-244,950
Administration & Unallocable	-74,250	-186,240	-362,200	-439,500	-467,400
Interest on Debt	-39,710	-99,600	-193,750	-235,000	-250,000
Utilities, Transit	-109,400	-274,420	-533,700	-647,500	-688,700
Insurance Trusts	78	28	-56	-99	-119

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TABLE 32

Local Revenues and Expenditures - 3 Counties SC (MCAS & NH) Fixed 96\$

Local Revenues	2003	2005	2010	2015	2020
Federal Intergovernmental	-29,931	-74,200	-140,570	-167,010	-174,700
State Intergovernmental	-276,130	-692,000	-1,344,000	-1,626,900	-1,725,400
Property Tax	-239,620	-642,600	-1,303,800	-1,641,200	-1,794,100
General Sales Tax	-140,870	-129,520	-106,120	-90,040	-77,650
Public Utility Sales Tax	-20,971	-20,233	-19,528	-19,906	-20,187
Other Sales Tax	-113,250	-104,080	-85,290	-72,360	-62,410
Motor Vehicle License	-7,577	-8,035	-8,781	-9,295	-9,510
Other Tax	-119,260	-126,450	-138,190	-146,280	-149,620
Education Charges	-103,860	-156,250	-171,680	-140,530	-171,480
Other Charges & Rev	-1,610,000	-1,707,300	-1,865,400	-1,974,500	-2,020,800
Utility&Liquor Store Rev	-569,100	-603,400	-659,400	-698,000	-714,200
Employee Retirement	-2,524	-2,676	-2,925	-3,096	-3,168
Local Expenditures					
Intergovernmental	-2,452	-6,146	-11,951	-14,486	-15,370
Elementary & Secondary Education; Libraries	-448,000	-1,123,100	-2,183,200	-2,644,500	-2,805,600
Welfare	369	130	-271	-477	-569
Health	-157,240	-394,100	-765,900	-928,000	-984,700
Transportation	-26,398	-66,170	-128,610	-155,850	-165,290
Police, Fire, Correction	-75,040	-188,090	-365,640	-443,000	-470,100
Natural Resources, Parks, Housing	-39,040	-97,860	-190,180	-230,420	-244,520
Sewerage, Solid Waste	-40,010	-100,280	-194,860	-236,180	-250,600
Administration & Unallocable	-76,330	-191,380	-371,900	-450,600	-478,100
Interest on Debt	-40,820	-102,340	-198,950	-241,010	-255,730
Utilities, Transit	-112,470	-281,970	-548,000	-664,000	-704,500
Insurance Trusts	79	28	-58	-103	-123

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TABLE 33
Local Revenues and Expenditures - Beaufort (All Bases) Fixed 96\$

Local Revenues					
Federal Intergovernmental	-47,180	-117,180	-223,560	-267,210	-281,490
State Intergovernmental	-432,900	-1,087,600	-2,127,700	-2,595,000	-2,771,600
Property Tax	-397,800	-1,067,000	-2,164,700	-2,724,800	-2,977,000
General Sales Tax	-242,060	-222,260	-181,560	-153,580	-132,080
Public Utility Sales Tax	-34,850	-33,650	-32,472	-33,055	-33,520
Other Sales Tax	-194,520	-178,640	-145,940	-123,470	-106,170
Motor Vehicle License	-11,722	-12,501	-13,790	-14,661	-15,048
Other Tax	-184,480	-196,760	-216,960	-230,700	-236,930
Education Charges	-159,670	-246,110	-273,110	-224,070	-275,310
Other Charges & Rev	-2,490,800	-2,656,400	-2,929,600	-3,114,900	-3,198,400
Utility&Liquor Store Rev	-880,200	-938,800	-1,035,200	-1,101,000	-1,130,400
Employee Retirement	-3,904	-4,165	-4,593	-4,883	-5,014
Local Expenditures					
Intergovernmental	-3,874	-9,735	-19,049	-23,234	-24,805
Elementary & Secondary					
Education; Libraries	-706,000	-1,774,400	-3,471,200	-4,233,100	-4,520,000
Welfare	614	221	-439	-779	-933
Health	-247,740	-622,500	-1,218,100	-1,485,500	-1,586,000
Transportation	-41,599	-104,530	-204,540	-249,440	-266,300
Police, Fire, Correction	-118,280	-297,190	-581,500	-709,100	-757,300
Natural Resources, Parks, Housing	-61,520	-154,600	-302,460	-368,870	-393,800
Sewerage, Solid Waste	-63,050	-158,400	-309,900	-378,010	-403,620
Administration & Unallocable	-120,310	-302,290	-591,400	-721,300	-770,100
Interest on Debt	-64,330	-161,660	-316,270	-385,720	-411,890
Utilities, Transit	-177,280	-445,400	-871,500	-1,062,800	-1,134,800
Insurance Trusts	132	47	-94	-168	-201

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TABLE 34
Local Revenues and Expenditures - Beaufort (MCRD & NH) Fixed 96\$

Local Revenues					
Federal Intergovernmental	-27,272	-67,920	-130,100	-156,120	-164,990
State Intergovernmental	-250,210	-630,400	-1,238,500	-1,516,200	-1,624,400
Property Tax	-218,680	-587,100	-1,195,900	-1,511,800	-1,660,500
General Sales Tax	-131,970	-121,330	-99,640	-84,780	-73,340
Public Utility Sales Tax	-19,468	-18,803	-18,228	-18,683	-19,062
Other Sales Tax	-106,060	-97,520	-80,090	-68,150	-58,950
Motor Vehicle License	-6,846	-7,298	-8,067	-8,618	-8,884
Other Tax	-107,740	-114,870	-126,950	-135,620	-139,830
Education Charges	-93,010	-143,290	-159,610	-131,830	-162,030
Other Charges & Rev	-1,454,600	-1,551,000	-1,714,000	-1,831,100	-1,887,700
Utility&Liquor Store Rev	-514,100	-548,100	-605,800	-647,100	-667,200
Employee Retirement	-2,281	-2,431	-2,687	-2,871	-2,960
Local Expenditures					
Intergovernmental	-2,239	-5,642	-11,086	-13,567	-14,540
Elementary & Secondary					
Education; Libraries	-408,100	-1,028,200	-2,019,600	-2,472,300	-2,650,600
Welfare	356	128	-257	-456	-548
Health	-143,190	-360,800	-708,900	-867,600	-930,000
Transportation	-24,040	-60,590	-119,020	-145,710	-156,170
Police, Fire, Correction	-68,360	-172,230	-338,360	-414,200	-444,000
Natural Resources, Parks, Housing	-35,560	-89,590	-176,030	-215,410	-230,870
Sewerage, Solid Waste	-36,430	-91,810	-180,370	-220,760	-236,670
Administration & Unallocable	-69,530	-175,180	-344,220	-421,300	-451,600
Interest on Debt	-37,190	-93,700	-184,030	-225,270	-241,500
Utilities, Transit	-102,450	-258,180	-507,100	-620,700	-665,400
Insurance Trusts	76	27	-55	-98	-118

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TABLE 35
Local Revenues and Expenditures - Beaufort (MCAS & NH) Fixed 96\$

Local Revenues					
Federal Intergovernmental	-27,959	-69,610	-133,250	-159,600	-168,370
State Intergovernmental	-256,540	-646,000	-1,268,400	-1,550,100	-1,658,500
Property Tax	-231,990	-622,100	-1,263,000	-1,591,800	-1,742,000
General Sales Tax	-138,940	-127,580	-104,510	-88,650	-76,410
Public Utility Sales Tax	-20,360	-19,639	-18,944	-19,314	-19,598
Other Sales Tax	-111,660	-102,560	-84,010	-71,250	-61,410
Motor Vehicle License	-7,162	-7,609	-8,369	-8,901	-9,139
Other Tax	-112,720	-119,750	-131,700	-140,090	-143,830
Education Charges	-96,570	-148,040	-164,460	-135,480	-165,700
Other Charges & Rev	-1,521,800	-1,617,300	-1,777,900	-1,891,100	-1,941,600
Utility&Liquor Store Rev	-537,800	-571,400	-628,400	-668,400	-686,300
Employee Retirement	-2,386	-2,535	-2,788	-2,966	-3,044
Local Expenditures					
Intergovernmental	-2,296	-5,783	-11,354	-13,879	-14,843
Elementary & Secondary					
Education; Libraries	-116,700	-291,500	-569,500	-703,200	-764,100
Welfare	-301,598	-762,064	-1,499,073	-1,825,129	-1,940,157
Health	-40,691	-102,209	-199,994	-247,142	-268,508
Transportation	-112,776	-284,670	-559,750	-681,930	-725,820
Police, Fire, Correction	-37,330	-93,740	-183,750	-225,300	-242,300
Natural Resources, Parks, Housing	-60,710	-153,100	-300,820	-367,070	-391,580
Sewerage, Solid Waste	-36,710	-92,440	-181,450	-221,790	-237,330
Administration & Unallocable	-46,820	-117,730	-230,930	-282,800	-303,400
Interest on Debt	-62,030	-156,460	-307,390	-375,080	-400,230
Utilities, Transit	-56,790	-142,630	-279,600	-342,900	-368,600
Insurance Trusts	-75,718	-191,392	-376,416	-458,328	-487,134