

Economic Impact of the 2005 BRAC Relocations in Okaloosa County

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Okaloosa County, Florida

Final Report

November 4, 2005

Prepared by:

*Haas Center for Business Research and Economic Development
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Commissioned by: Economic Development Council
Okaloosa County, Florida

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Executive Summary

The purpose of this report is to provide an analysis of the economic impact of the changes in military spending in the Okaloosa County economy that can be expected as a result of the Base Realignment and Closure (BRAC) 2005 process.

In its final report to Congress, the Department of Defense recommended personnel and mission realignments to Eglin Air Force Base that will result in an estimated \$304 million dollars in new construction spending and the addition of almost 6,000 military and civilian personnel to the base by 2010.

The economic impact of this spending can be separated into its recurring and non-recurring components. As a result of the non-recurring construction spending dollars the local area will see \$473.1 million in local spending impacts (all dollar values of impact in this report are measured in terms of 2005 dollars), and the creation of 6,437 jobs. The recurring annual economic impact due to wages to be paid to the new personnel, is calculated to be \$473.6 million per year, and 7,704 jobs.

Estimated Economic Impact of BRAC 2005 in Okaloosa County				
Estimated Impact of Military Construction	Direct	Indirect	Induced	Total
Total Spending (Output)	\$304,000,000	\$85,454,379	\$83,631,100	\$473,085,479
Incomes Generated	\$134,340,976	\$36,774,345	\$27,786,626	\$198,901,947
Jobs Supported	4,160.5	1,183.6	1,092.5	6,436.7
Estimated Impact of Personnel Realignment	Direct	Indirect	Induced	Total
Total Spending (Output)	\$325,237,264	\$707,512	\$147,676,059	\$473,620,833
Incomes Generated	\$320,290,938	\$251,565	\$49,064,541	\$369,607,044
Jobs Supported	5,765.5	8.9	1,929.2	7,703.6
Source: IMPLAN Professional Social Accounting & Impact Analysis Software				

It is important to note that these calculations are based on changes that are proposed, but have not yet been implemented. There is still some

uncertainty regarding the magnitude of changes. The exact timing of the personnel transfers, the magnitude of support service spending, and the future spending path of programs that may well expand substantially (e.g., training activities for the Joint Strike Fighter aircraft), are all less than completely documented at this time. One element that is not yet completely documented is the magnitude of local contracting expenditures, including operations and maintenance of the capital assets to be constructed, that will be called for to support the base missions. Thus, actual impacts may differ from those reported here if additional changes are proposed and adopted, and as operating details are more fully described. Because these as of yet undocumented issues all imply additional expenditures, the estimates presented here, which are based entirely on documented expenditures, are likely to be conservative.

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Introduction

The purpose of this report is to provide an analysis of the economic impact of the increased military spending in the local economy expected to result from the changes proposed by Base Realignment and Closure (BRAC) 2005. This study identifies those spending activities that would not occur in the region were it not for the proposed BRAC 2005 changes, and clarifies the impact that these changes in military activities will have on the other industry sectors in the region.

Military activity has a direct quantifiable impact that includes wages paid to service members, pension checks, defense contracts awarded, and the like; however, the total economic impact is much greater. Servicemen and civilians working at Eglin and Hurlburt AFB spend much of their military pay in surrounding local economies. These installations spend millions with local businesses for construction, maintenance, utilities, food, and supplies. Local defense-related businesses also serve as prime contractors on federally generated projects, and buy their inputs and spend their military-induced incomes throughout the region. Spending of wages by these servicemen, businesses, and retirees who have chosen to live in Okaloosa County ends up in the pockets of employees of grocery stores, car dealerships, hospitals, law firms, banks, insurance companies, and construction firms, all of whom in turn re-spend the dollars.

As noted in previous studies conducted by the Haas Center, military installations provide a strong engine for growth of technology-based businesses in Okaloosa County. Okaloosa County is the technology leader in Northwest Florida; this leadership is the direct result of military spending; and policy makers should work to preserve the mission of these military facilities and the critical contracting relationships that go along with them. The rapidly increasing national defense budget, and the ongoing military need for state-of-the-art technology, point to even greater military technology-based economic opportunities for businesses in Okaloosa County.

Military Personnel in Okaloosa County

Okaloosa County is home to three military installations, Eglin Air Force Base, Hurlburt Field, and Duke Field. Eglin Air Force Base is the worlds largest Air Force Base, covering 724 square miles as well as 97,963 square miles of water test ranges. Eglin belongs to the Air Force Materiel Command, and the Air Armament Center is the host unit. The Air Armament Center is responsible for development, acquisition, testing, deployment, and sustainment of all air-delivered weapons. Eglin has been a major employer in the area from the 1930's to the present day. Hurlburt Field occupies 6,000 acres in Okaloosa County, and is the headquarters of the Air Force Special Operations Command. Its mission is to support the training and execution of special air operations that are conducted worldwide. The 919th Special Operations Wing uses Duke Field, located within the Eglin reservation. The 919th Special Operations Wing is the only special operations unit in the Air Force Reserve. The missions of each of these installations give them a leadership role in the current transformation of the military into a force prepared to meet the threats that defense analysts anticipate.

Approximately 27 percent of federal military and civilian personnel stationed in Florida live in Okaloosa County.

Table 1 - Where Military and Federal Civilian Personnel are Stationed in Florida

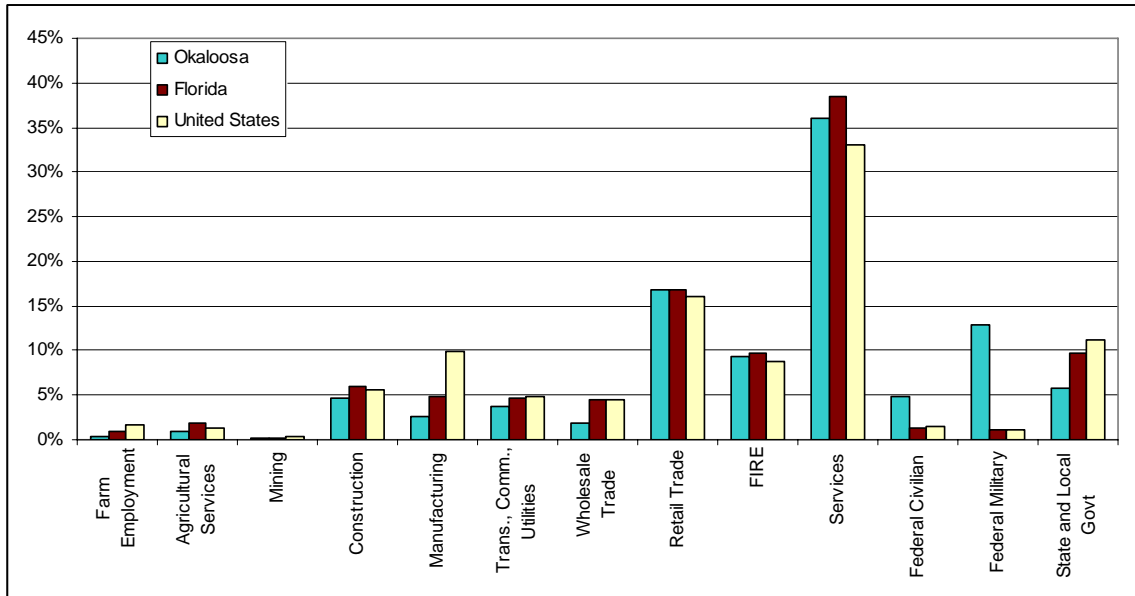
DoD Military and Civilian Personnel by State - September 30, 2004											
INST./CITY	AR MIL	NV MIL	MC MIL	AF MIL	SUB MIL	AR CIV	N/M CIV	AF CIV	ODA CIV	SUB CIV	TOT DoD
Camp Blanding	74	0	0	4	78	160	0	6	0	166	244
Cape Canaveral	0	96	0	0	96	14	64	80	2	160	256
Cape Canaveral AFS	0	0	0	250	250	0	7	147	0	154	404
Crestview	0	0	0	0	0	1	0	318	14	333	333
Eglin AFB	450	315	65	8,024	8,854	18	35	3,493	134	3,680	12,534
Fort Lauderdale	0	0	95	2	97	5	10	1	22	38	135
Gainesville	9	31	57	26	123	12	2	0	1	15	138
Homestead AFB	0	0	0	2	2	22	0	643	7	672	674
Hurlburt Field	0	5	0	7,525	7,530	11	1	781	74	867	8,397
Jacksonville	247	8,609	281	22	9,159	916	5,454	307	374	7,051	16,210
Key West	0	772	10	88	870	104	333	0	24	461	1,331
MacDill AFB	973	378	616	3,567	5,534	29	1	1,126	154	1,310	6,844
Mayport Nav Station	1	2,689	0	0	2,690	0	807	0	65	872	3,562
Melbourne	14	0	0	59	73	10	1	7	92	110	183
Miami	561	326	97	192	1,176	464	11	1	11	487	1,663
Milton	0	935	0	0	935	2	184	0	25	211	1,146
Orlando	112	73	118	43	346	601	977	17	513	2,108	2,454
Panama City	0	431	9	2	442	41	187	0	3	231	673
Patrick AFB	78	13	10	1,478	1,579	16	1	1,278	140	1,435	3,014
Pensacola	69	4,351	2,206	577	7,203	19	2,493	29	682	3,223	10,426
Saint Augustine	2	8	0	0	10	214	0	7	61	282	292
Saint Petersburg	3	3	0	16	22	21	2	0	132	155	177
Tallahassee	65	29	58	26	178	25	2	1	2	30	208
Tampa	283	27	51	37	398	130	51	0	26	207	605
Tyndall AFB	3	3	0	4,072	4,078	7	0	625	64	696	4,774
West Palm Beach	0	3	25	119	147	64	35	0	34	133	280
Other	157	19	66	188	430	354	1,289	115	231	1,989	2,419
State Total	3,101	19,116	3,764	26,319	52,300	3,260	11,947	8,982	2,887	27,076	79,376

Source: Department of Defense Statistical Information Analysis Division

It is clear that the military and civilians working for the Department of Defense are very important contributors to the Okaloosa County economy, directly employing nearly twenty-one thousand area residents, or approximately 16 percent of the Okaloosa County workforce. Air Force bases at Hurlburt and Eglin ensure the area's continued military presence. In FY 2004, Eglin Air Force Base employed 8,854 military personnel and an additional 3,680 civilians. There were an additional 7,530 military and 867 civilians at Hurlburt Field during the same time period.

Military employment is a much larger share of the area workforce, and therefore a more important element of the Okaloosa County economy, than it is for the State of Florida or the nation as a whole.

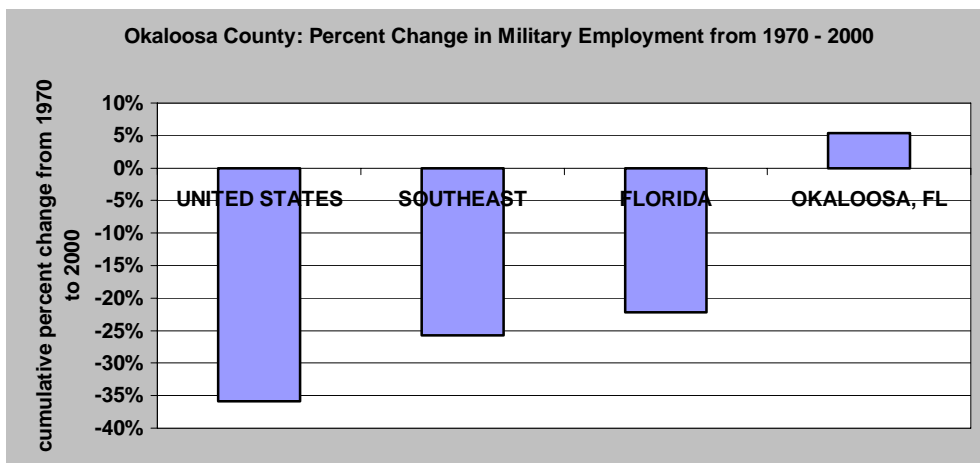
Figure 1 - Percent of Workforce Employed in Each Industry Sector for Okaloosa, FL, US



Source: Woods and Poole Economics, data for 2005

While the size of the total military force nationally has declined by 36 percent from 1970 to 2000, the percentage change in Okaloosa County has actually been an increase of over five percent. The loss in employment share in Florida at -22 percent has been less than the national change but of course higher than Okaloosa County

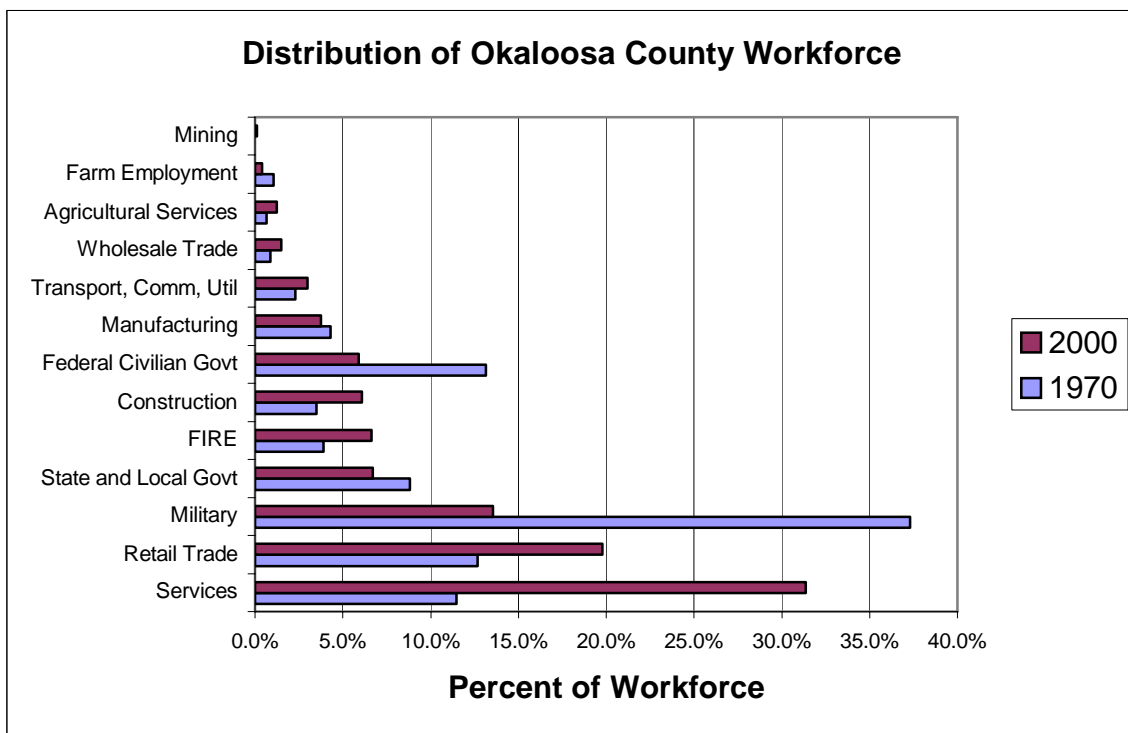
Figure 2 – Comparison of Percent Change in Military Employment



Source: Woods and Poole Economics

Due in part to the military’s privatization of expenditures for construction, services, and materials, combined with the spending of wages by military and federal civilian households, Okaloosa County has seen its economy become more diversified in the past three decades. In 1970, military and federal civilian employees accounted for almost half of the county workforce. In Figure 3, which shows changes in the distribution of the Okaloosa County workforce between 1970-2000, we see that Okaloosa County has experienced strong employment growth in industry sectors that benefit from the local military presence. Growth as a percent of the workforce has been especially strong in the services; retail trade; finance, insurance, and real estate (FIRE); and construction industry sectors over the past three decades.

Figure 3 - Distribution of Okaloosa County Workforce



Source: Woods and Poole Economics

2005 BRAC Recommendations

According to the U.S. Army Base Realignment and Closing Division, the purpose of the BRAC process is to “reconfigure the military infrastructure into one where

operational capacity is optimized for both war-fighting capability and efficiency, and joint activity opportunities are aggressively pursued.” In order to achieve this purpose, the Department of Defense (DOD) performs a comprehensive review of its installation inventory, physical capacity and base structure in order to maximize joint utilization of defense resources and reallocate military personnel from supporting unnecessary and underutilized infrastructure. The ultimate goals are efficiency and cost savings. The following recommendations were made and approved regarding Eglin AFB in the 2005 BRAC process:

- ❖ DoD recommended relocation of the Armed Forces Reserve Center Expeditionary Combat Support manpower following units from Willow Grove to Eglin AFB.

- ❖ DoD recommended establishing Eglin AFB as an Initial Joint Training Site that would teach entry-level aviators and maintenance technicians how to safely operate and maintain the new Joint Strike Fighter (JSF) (F-35) aircraft. In order to accomplish this, DoD recommended the following realignments: realign Luke AFB, AZ, by relocating to Eglin AFB a sufficient number of instructor pilots and operations support personnel to stand up the Air Force’s portion of the Joint Strike Fighter (JSF) Initial Joint Training Site, hereby established at Eglin AFB; realign Marine Corps Air Station Miramar, CA, by relocating to Eglin AFB a sufficient number of instructor pilots and operations support personnel to stand up the Marine Corps’ portion of the Joint Strike Fighter Initial Joint Training Site, hereby established at Eglin Air Force Base; realign NAS Oceana, VA, by relocating to Eglin AFB a sufficient number of instructor pilots, operations, and maintenance support personnel to stand up the Navy’s portion of the Joint Strike Fighter Initial Joint Training Site, hereby established at Eglin AFB; realign Sheppard AFB, TX, by relocating to Eglin AFB a sufficient number of front-line and instructor-qualified maintenance technicians and logistics support personnel to stand up the Air Force’s portion of the Joint Strike Fighter Initial Joint Training Site, hereby established at

Eglin AFB; realign NAS Pensacola, FL, by relocating to Eglin AFB a sufficient number of front-line and instructor-qualified maintenance technicians and logistics support personnel to stand up the Department of the Navy's portion of the Joint Strike Fighter Initial Joint Training Site hereby established at Eglin AFB, FL.

- ❖ DoD recommended realigning Hill AFB, UT, by relocating Weapons and Armaments In-Service Engineering Research, Development & Acquisition, and Test and Evaluation to Eglin AFB, FL. It would also realign Fort Belvoir, VA, by relocating Defense Threat Reduction Agency National Command Region conventional armament Research to Eglin Air Force Base, FL.
- ❖ DOD recommended relocating the 7th Special Forces Group from Fort Bragg, NC to Eglin AFB, FL to enhance joint training and deployment.

The resulting construction expenditures and personnel realignments presently estimated from these recommendations are outlined in Table 2.

Economic Impact of the Military in Okaloosa County

The military has long been an important economic engine for Okaloosa County. The purpose of this section is to present calculations of the magnitude of changes in economic activity arising from increased military-related spending in Okaloosa County due to proposed BRAC 2005 changes. The analysis describes the magnitude of the economic impact in Okaloosa County that is attributable to the increased number of military and civilian employees occurring to missions being relocated to Eglin AFB and clarifies the impact that military activities have on the other industry sectors in the region.

Several measures of military-related economic activity are estimated, including total spending, income, tax revenues, and employment. *Total spending* is the value of production by industry related to military activities for one annual

calendar year of production. Total spending includes the total value of purchases by intermediate (business to business) and final consumers (households). The *income* figures that are reported are the sum of proprietor's income and wages and salaries accruing to workers in these businesses. *Employment* figures represent the number of jobs supported by sales of goods and services to consumers and by the increased level of inter-industry transactions resulting from military activities. The job estimates given include full time, part time, and seasonal jobs.

For these economic impact calculations the region of interest is Okaloosa County. The selection of a particular geographic region influences both the amount of spending by local businesses that is captured and the size of the multiplier effects. In these calculations, only spending that takes place within Okaloosa County is included as stimulating the changes in economic activity, and all measures of impacts pertain to businesses and households located in the County.

Each of the measures of economic impact reflects the value generated by industry for one annual calendar year of production. In actuality, most of the local economic impact associated with local spending changes will have occurred within this one-year time frame.

This report does not attempt to quantify quality of life issues, whether positive or negative, that may result from the increased presence of military personnel and installations, such as increased real estate development, growing populations, or increased traffic. This report estimates only the gross impact of financial (spending) flows, ignoring ancillary non-financial costs (e.g. traffic congestion, crime, noise or pollution) and benefits (additional civic or cultural activities) that may be associated with the military.

Understanding Economic Multipliers

There are several key concepts that must be used to get a correct estimate of the total economic impact arising from military spending. One of

these concepts is the regional purchase coefficient. The Regional Purchase Coefficient (RPC) represents the proportion of local demand purchased from local producers. For example, an RPC of 0.25 for a given commodity means that for each \$1 of local demand, 25% will be purchased from local producers. RPC's are based on the characteristics of the region and describe the actual trade flows for the region mathematically. The greater the RPC, the greater the level of local economic activity that is occurring, and the larger the economic multiplier will be. The RPC's used in this study indicate the percentage of military related spending that occurs within Okaloosa County. Spending that occurs outside Okaloosa County is not included in the reported economic impacts.

Another key concept of impact analysis is the price margin that separates wholesale from retail prices. Since this analysis involves retail prices in some spending categories and wholesale prices in others, the total spending values needed to be subdivided into either retail or wholesale prices. Wholesale prices are those paid in business-to-business transactions, retail prices are those paid at the consumer level. Margins represent the difference between wholesale (producer) and retail (purchaser) prices. Margining assigns direct expenditures to the correct industry sector multipliers by splitting a purchaser price into the appropriate producer values. In this study, the dollar value of impacts resulting from purchases by retail consumers are split appropriately in order to capture the portion going to the retailer, to the wholesaler, to transportation providers, and to the manufacturer.

Military activities generate spending in our local area, and cause jobs to be created that pay income to area residents and generate tax revenue that flows to government; however, quantifying these effects can be difficult. The calculated economic impact should be considered an estimate based the best information available at the time.

Conceptually, the total economic impact of an event can be separated into three different types of effects. First is the direct effect of spending; which is the impact of new spending on first tier suppliers. Thus, ten dollars spent by a military household at a local restaurant counts as a direct effect of ten dollars.

An advantage of direct spending is that it can be counted relatively easily, but it does not capture the “multiplier effect” of the additional economic activity set in motion by the purchase of the meal.

To the direct effect must be added the indirect effect of spending. In order to produce the ten-dollar meal, the restaurant must purchase certain inputs from other businesses. To the extent that these inputs are local, these purchases represent additional local spending. For example, the restaurant may purchase two dollars worth of food inputs from the local produce market for every ten-dollar meal sold. The produce market may have paid a local farmer one dollar for the goods that are then sold to the restaurant, and the farmer may have paid 10 cents for local inputs into the farm. The indirect effect measures the cumulative local purchases from other businesses that are generated from the ten dollars spent on the meal. Because much of this spending goes either immediately or eventually to businesses outside of Okaloosa County, the indirect effect tends to be smaller than the direct effect. A reasonable estimate of the indirect effect of a ten-dollar meal might be five dollars.

To the direct and indirect effects must be added the induced effect, which measures the additional spending that occurs across the economy because of the income paid by all of the businesses involved, directly or indirectly, in producing the meal. There is a flow of wages received by the waiters, cooks, produce store clerks, and others who play a part in putting that meal in front of the military household. These people receive most of those wages as take-home pay, and they spend most of that take-home pay and save some. To the extent that their spending generates jobs in the local economy, there is additional economic impact attributable to the meal. However, much of that pay may go to a mortgage or car payment that leaves the local economy. In fact, most of the grocery store spending will leave the local economy to pay for food produced elsewhere in the country. But the part that pays the local banker administering the car loan, or the clerk at the local store, or other local employees, represents a local economic impact of that ten-dollar meal. A reasonable value for the induced effect might be three dollars.

Thus, the total local economic impact of the ten dollar meal would be eighteen dollars, representing the initial purchase (the direct effect), plus the local purchases made from other businesses in producing the meal (the indirect effect), plus the local purchases resulting from the spending by households who received wage income while producing the meal (the induced effect). Here, “the multiplier” is said to be 1.8, meaning that every dollar spent on that category (restaurant meals) has a total impact of \$1.80 on the local economy, once the direct, indirect and induced effects are accounted for.

The multiplier effect can also be seen in the number of jobs created by spending related to military activities. The number of jobs created includes those employees working directly in businesses that meet the needs of military households and defense contractors, people working for companies that support operations of these businesses, and those who become employed as a result of the wage base associated with the military support industry locally.

In order to say that the multiplier is 1.8 (versus some other number like 1.2 or 3.7), the U.S. Department of Commerce, Bureau of Economic Analysis, uses actual historical data, specific to each county in the country, to describe how goods and services are produced in each county. These tables show the amount of inputs from other industries used to produce a dollar’s worth of output in a particular industry. A number of commercial firms have elaborated on these basic input-output tables and used them to produce software that models these economic relationships. These are called economic impact models, or Input-Output models. The Haas Center owns several of these models and uses IMPLAN, which is the most widely used model, in most economic impact studies. The economic inputs that were entered into the IMPLAN model for this study are summarized in Table 2 below.

Table 2 - Military Economic Inputs Used in Calculations

Economic Input	2006	2007	2008	2009	2010
Military Construction	\$40,000,000	\$100,000,000	\$75,000,000	\$49,000,000	\$40,000,000
7th Special Forces Group from Ft. Bragg, NC			1,742 Military Personnel	445 Military Personnel	
Joint Strike Fighter			200 Military Personnel	3,238 Military Personnel	
913th from NAS Willow Grove, PA				97 Military Personnel	
Weapons Development and Acquisition from Hill AFB, UT			33 Non-Military Personnel (\$60,276/year per person)		
Weapons Development and Acquisition from Ft. Belvoir, VA			67 Non-Military Personnel (\$60,276/year per person)		
Data Sources for Inputs					
Military Construction	Robert J. Arnold, Eglin Mission Enhancement Committee, Eglin AFB, 850-882-4646, Estimates Obtained 10/3/2005				
Personnel Realignments	Air Armament Center, BRAC Team, Eglin AFB, 850-882-2918, Current Estimates Obtained 10/26/2005				
Non-Military Wage Estimates	Florida Agency for Workforce Innovation, Covered Employment and Wage Data for Okaloosa County, Federal Government, 2004				

The above numbers represent tentative estimates of the quantity and types of personnel that are expected in the area as well as preliminary estimates on construction costs. Specific payroll and wage rate information was not available at this time. The numbers also do not reflect some 500 reservists positions that are expected to be relocated to Eglin as it is not clear at this time whether these positions will result in any new household spending within the community. It should also be noted that the spending patterns of the reassigned personnel will likely be very different than those of the present military households as the new personnel represent groups, such as the 7th Special Forces Group, that will be deployed outside of the area more frequently and that require less outsourcing spending in the local community than the present

contingent. Thus the resulting impacts are conservative estimates that are likely to change as better data becomes available.

Finally, the study area was limited to Okaloosa County, thereby limiting the total impact to effects felt in that single county. If a larger region were considered, the impacts of the construction and relocations would increase.

Military Spending Impacts

According to a 2003 Haas Center study, military and defense spending activities in Okaloosa County, including wages paid to service men and women, pay and benefits paid to retirees, and defense contracts awarded to local businesses, represents a total impact of \$4.1 billion in the county. About 69,380 jobs are directly or indirectly supported by military spending in the regional economy

The additional spending anticipated from the 2005 BRAC relocations will inject an additional \$473.1 million due to one-time construction spending impacts and \$473.6 million in annual recurring spending due to personnel relocations into the Okaloosa economy. It is also estimated that construction spending will support 6,437 non-recurring jobs and that the personnel realignments will support 7,704 permanent jobs in the area.

Table 3 - Estimated Economic Impact of the Military in Okaloosa

Estimated Economic Impact of BRAC 2005 in Okaloosa County				
Estimated Impact of Military Construction	Direct	Indirect	Induced	Total
Total Spending (Output)	\$304,000,000	\$85,454,379	\$83,631,100	\$473,085,479
Incomes Generated	\$134,340,976	\$36,774,345	\$27,786,626	\$198,901,947
Jobs Supported	4,160.5	1,183.6	1,092.5	6,436.7
Estimated Impact of Personnel Realignment	Direct	Indirect	Induced	Total
Total Spending (Output)	\$325,237,264	\$707,512	\$147,676,059	\$473,620,833
Incomes Generated	\$320,290,938	\$251,565	\$49,064,541	\$369,607,044
Jobs Supported	5,765.5	8.9	1,929.2	7,703.6
Source: IMPLAN Professional Social Accounting & Impact Analysis Software				

Military-related spending impacts are seen primarily in the management and consulting, real estate, health care, restaurant, banking, and engineering services industries. Other industry sectors that see a large economic impact due to military-related spending include research and development, business services, wholesale trade and retail trade. Tables 4 and 5 show the impacts at the 2-digit NAICS industry level for both the construction and personnel realignment.

Table 4 - Construction Impact by Industry

Construction Impact 2-Digit NAICS Industry	Direct	Indirect	Induced	Total Spending Output	Incomes Generated	Jobs Supported
11 Ag, Forestry, Fish & Hunting	\$0	\$550,015	\$130,958	\$680,973	\$125,574	7.8
21 Mining	\$0	\$290	\$7	\$297	\$118	0
22 Utilities	\$0	\$414,258	\$545,341	\$959,599	\$262,869	5.5
23 Construction	\$304,000,000	\$636,684	\$526,108	\$305,162,784	\$134,825,520	4,175.50
31-33 Manufacturing	\$0	\$5,978,642	\$1,053,328	\$7,031,970	\$1,617,204	45
42 Wholesale Trade	\$0	\$4,752,191	\$2,781,801	\$7,533,992	\$3,031,868	68.8
48-49 Transportation & Warehousing	\$0	\$3,652,846	\$1,861,159	\$5,514,005	\$2,233,029	64
44-45 Retail trade	\$0	\$19,974,624	\$13,002,084	\$32,976,706	\$15,208,969	645.9
51 Information	\$0	\$3,964,697	\$2,993,739	\$6,958,436	\$2,235,203	46.1
52 Finance & insurance	\$0	\$6,192,375	\$7,429,835	\$13,622,210	\$3,683,341	99.4
53 Real estate & rental	\$0	\$6,441,536	\$6,116,391	\$12,557,927	\$1,979,513	125.8
54 Professional- scientific & tech svcs	\$0	\$21,149,676	\$2,335,293	\$23,484,970	\$14,872,853	328.7
55 Management of companies	\$0	\$781,372	\$369,675	\$1,151,046	\$527,541	10
56 Administrative & waste services	\$0	\$5,218,051	\$1,862,762	\$7,080,814	\$3,635,098	199.4
61 Educational svcs	\$0	\$9,717	\$580,329	\$590,045	\$263,357	12.6
62 Health & social services	\$0	\$1,620	\$13,738,968	\$13,740,587	\$7,176,518	204.9
71 Arts- entertainment & recreation	\$0	\$169,262	\$1,571,847	\$1,741,108	\$599,599	31.8
72 Accomodation & food services	\$0	\$992,510	\$6,324,085	\$7,316,595	\$2,781,362	179.5
81 Other services	\$0	\$2,928,600	\$5,141,801	\$8,070,401	\$3,109,686	167.3
92 Government & non NAICs	\$0	\$1,645,415	\$15,265,592	\$16,911,006	\$732,734	18.6
Total	\$304,000,000	\$85,454,378	\$83,631,101	\$473,085,469	\$198,901,953	6,436.7

Table 5 - Personnel Realignment Impact by Industry

Personnel Realignment Impact 2-Digit NAICS Industry	Direct	Indirect	Induced	Total Spending Output	Incomes Generated	Jobs Supported
11 Ag, Forestry, Fish & Hunting	\$4,604	\$1,649	\$231,244	\$237,497	\$26,419	8.2
21 Mining	\$0	\$0	\$12	\$12	\$5	0
22 Utilities	\$20,899	\$7,117	\$962,728	\$990,744	\$281,895	6
23 Construction	\$0	\$25,746	\$929,053	\$954,799	\$364,669	11.2
31-33 Manufacturing	\$25,297	\$27,021	\$1,859,880	\$1,912,198	\$455,775	12.1
42 Wholesale Trade	\$115,085	\$24,395	\$4,911,197	\$5,050,677	\$2,032,519	46.1
48-49 Transportation & Warehousing	\$48,780	\$38,674	\$3,286,742	\$3,374,196	\$1,430,482	36
44-45 Retail trade	\$622,343	\$29,565	\$22,955,828	\$23,607,736	\$10,832,107	458.9
51 Information	\$75,561	\$70,889	\$5,285,665	\$5,432,115	\$1,706,808	36.7
52 Finance & insurance	\$261,243	\$114,158	\$13,117,581	\$13,492,982	\$3,562,819	98.2
53 Real estate & rental	\$132,215	\$138,814	\$10,796,846	\$11,067,875	\$1,823,595	122.9
54 Professional- scientific & tech svcs	\$48,984	\$64,147	\$4,123,522	\$4,236,653	\$2,465,801	72.4
55 Management of companies	\$0	\$17,898	\$652,751	\$670,649	\$307,368	5.8
56 Administrative & waste services	\$17,910	\$69,802	\$3,289,355	\$3,377,067	\$1,576,694	82.7
61 Educational svcs	\$27,751	\$668	\$1,025,194	\$1,053,612	\$471,044	22.6
62 Health & social services	\$617,702	\$2,725	\$24,261,962	\$24,882,390	\$12,998,914	370.9
71 Arts- entertainment & recreation	\$65,326	\$4,293	\$2,776,582	\$2,846,202	\$968,982	50.6
72 Accomodation & food services	\$298,816	\$21,404	\$11,166,723	\$11,486,943	\$4,360,777	284.1
81 Other services	\$206,372	\$25,785	\$9,081,784	\$9,313,941	\$3,966,550	236.8
92 Government & non NAICs	\$319,971,424	\$22,762	\$26,961,410	\$346,955,584	\$319,973,824	5,741.20
Institutions	\$2,676,966	\$0	\$0	\$2,676,966	\$0	0
Total	\$325,237,278	\$707,512	\$147,676,057	\$473,620,836	\$369,607,046	7,703.6

Summary and Conclusions

It is clear that Okaloosa County will experience net gains in military employment from the BRAC 2005 process. The final magnitudes on staffing and related expenditure flows, as well as the timing of the proposed implementation, are not yet known with certainty. However, there is broad consensus that no less than 5,700 jobs, with a direct payroll of \$320 million per year, will relocate to Eglin AFB over the next several years. When the multiplied impact of these staffing changes is considered, the recurring job impact will be on the order of 7,700 jobs per year, with associated local spending of nearly \$474 million per year. Non-recurring construction spending associated with these transfers will add more than 6,400 non-recurring jobs, along with local spending of more than \$473 million over the several-year construction window.

These estimates are quite conservative in that they only count the jobs that are known to be associated with activities specifically listed for transfer. They do not, for example, assume additional inflows of contracting dollars beyond those called for in the actual BRAC recommendations. Yet it seems clear that the increased functions will call for additional contracting flows. The estimates do not consider likely growth over time in national and international usage of the Joint Strike Fighter program, for which Eglin will be the primary training facility. Thus, while our estimates are based on the best information available at the time of writing, they are likely to be conservative when considering the most probable path for expansion of the new missions.