

Economic Impact of Proposed Army 2020 Force Reduction at JBLM

OFM-Forecasting & Research has reviewed the results of an assessment conducted by the US Army Environmental Command (USAEC, June 2014). The USAEC assessment suggests very minimal economic impacts to the State of Washington as a result of reducing the JBLM army force by 16000 troops. The June 2014 USAEC study concluded that over a five year period beginning in 2016 and ending in 2020 a total of 21,344 jobs will be lost. This translates to an average annual job loss of 4,300 positions in Washington State. The study further concludes that Washington State will lose a cumulative \$17.4 Million in retail sales tax revenue over this five year period. This translates to an annual loss of \$3.5 Million in retail sales tax revenue beginning in Fiscal Year 2016 to Fiscal Year 2020. The USAEC study used the *Economic Impact Forecast System (EIFS) Model* developed for use by the military. The model uses national coefficients as its basis in order to calculate desired economic impacts.

OFM-Forecasting & Research has done a similar study but using the REMI model. Unlike the military EIFS model above the REMI model at OFM contains some variables that have been calibrated to reflect Washington State's economy. The analysis also used state budget data from the Washington State Office of the Revenue Forecast Council that contains actual Washington State retail sales tax collections as well as other tax revenue data. This in combination with troop reduction data reported in the USAEC June 2014 report was used to come up with estimated projections of the *Army 2020 Force Structure* reduction exercise.

OFM-Forecasting's analysis of economic impacts of this proposal projects a total job loss of 13,469 in Fiscal Year 2016. The Army's study projects an average loss of only 4,300 jobs in FY2016. Based on OFM's results Washington State would lose \$1.26 Billion dollars in State Personal Income (in current dollars) in Fiscal Year 2016 while the Army reports a loss of \$0.19 Billion in Fiscal Year 2016. Washington State would lose \$20.47 Million in retail sales tax revenue Fiscal Year 2016 compared to \$3.5 Million reported in the Army study. These losses are higher than those projected by the USAEC June 2014. Projections for Fiscal Year 2020 are 17,790 jobs lost, a loss of \$2.44 Billion in Washington State Personal Income and a loss of \$87.26 Million in tax revenues. Losses for interim Fiscal Years 2017, 2018 and 2019 are displayed in the Table below as well.

Table 1. Economic Impact of Proposed Army 2020 Force Structure Realignment at Joint Base Lewis McChord

Item	Units	2016	2017	2018	2019	2020
Total Employ	'000 (Jobs)	-13.47	-16.80	-19.07	-18.37	-17.79
Pers Income	Bil Current \$	- 1.26	- 1.91	- 2.39	- 2.41	- 2.44
Total Rev	Mil Current \$	-20.47	-52.83	-73.82	-84.42	-87.26

Source: OFM-Forecasting REMI Modelling Results, July 25, 2014

The estimated losses above are based on the following demographic data in Table 2 below.

Table 2. Demographic Data Used in OFM-Forecasting Analysis

Total Working Population	50,438
Soldiers and Army Civilians	36,222
On Base:	
Soldiers and Army Civilians	9,953
Family Members	15,109
Total Population on Base	25,062
Total Population off Base - Soldiers, Army civilians, and Family Members	66,145

Source: Army 2020 SPEA JBLM-USAEC June 2014 Report, "Alternative I" (USAEC June 2014, p.4-719)

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Table 3. Alternative 1 – Job Loss Data Used in OFM-Forecasting Analysis

Soldiers	14,459
Civilians	1,541
Total Position Reductions	16,000
Family Members	
Spouses	8,928
Children	15,360
Total Family Members	24,288
Additional Contract Service Jobs Lost	1,757

Source: Army 2020 SPEA JBLM-USAEC June 2014 Report, "Alternative I" (USAEC June 2014, p.4-719)