



Kem C. Gardner

POLICY INSTITUTE

THE UNIVERSITY OF UTAH



Utah's Defense Sector: Economic Impacts of the Military and Veterans

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Salt Lake Chamber Military Affairs Committee

INFORMED DECISIONS™

Kem C. Gardner Policy Institute | 411 East South Temple Street, Salt Lake City, Utah 84111 | 801-585-5618 | fax 801-587-3380 | gardner.utah.edu

AN INITIATIVE OF THE DAVID ECCLES SCHOOL OF BUSINESS

Outline

- Study Methods
- Economic Impacts
- Fiscal Impacts
- Historical Trends
- Hill AFB Forecast and Simulation
- Economic Context

Measuring Economic Impacts

What would happen to Utah's economy if an activity ceased to exist?

Measuring Economic Impacts

Economic indicators we measure:

JOBS

EARNINGS

STATE GDP

Measuring Economic Impacts

DIRECT
activity

+

INDIRECT
activity

+

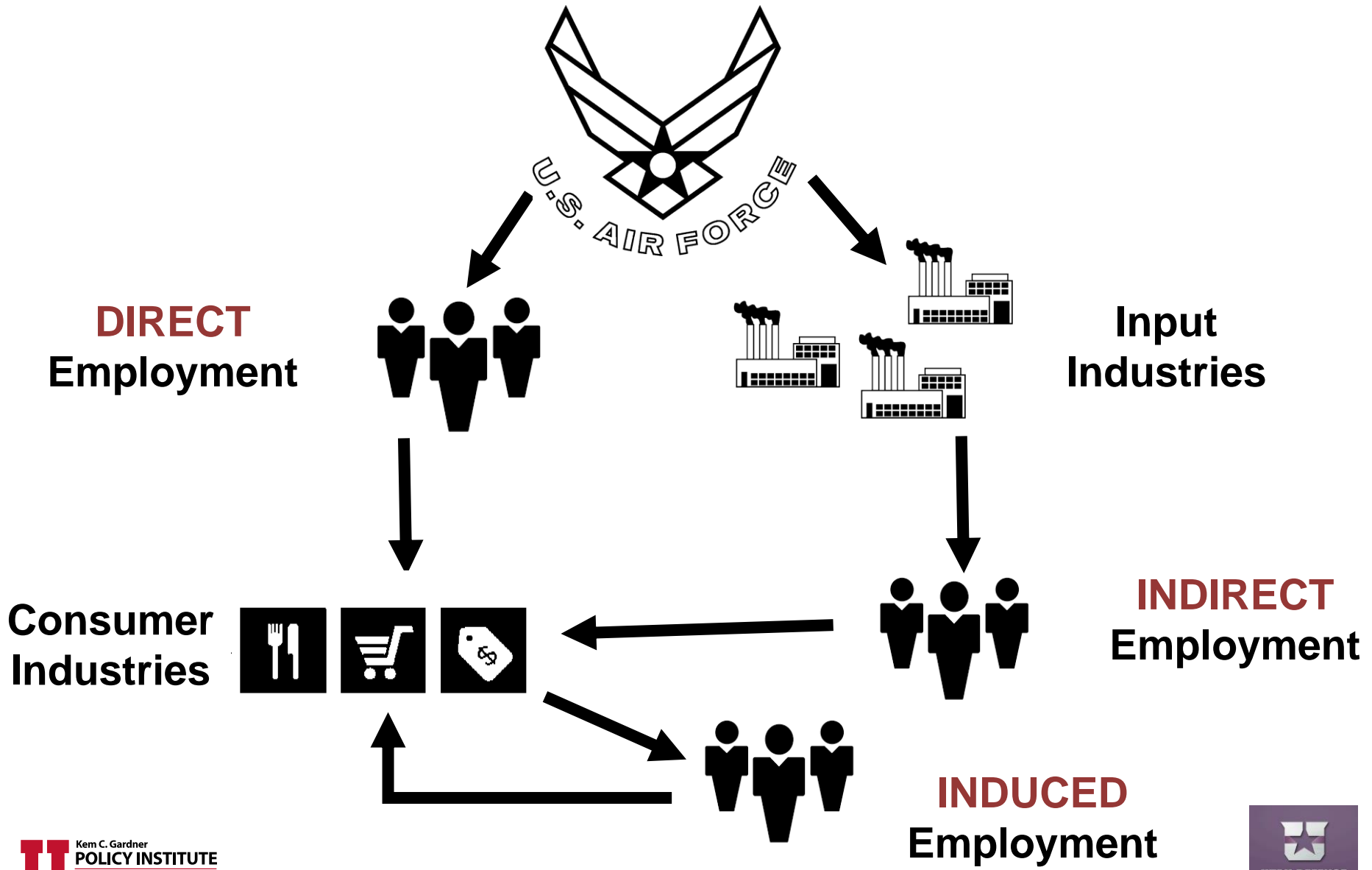
INDUCED
activity

=

**TOTAL
ECONOMIC
IMPACT**



Measuring Economic Impacts



Data Collection and Analysis

- Meetings at installations
- Detailed jobs, payroll and spending
- Federal defense contracts
- REMI economic model
- Fiscal impact models

Economic Impact Results

- Hill Air Force Base
- Dugway Proving Ground
- Tooele Army Depot
- Utah National Guard
- Reserves, Recruiting and ROTC
- Veterans
- Additional Contracts and Grants
- Utah Defense Totals

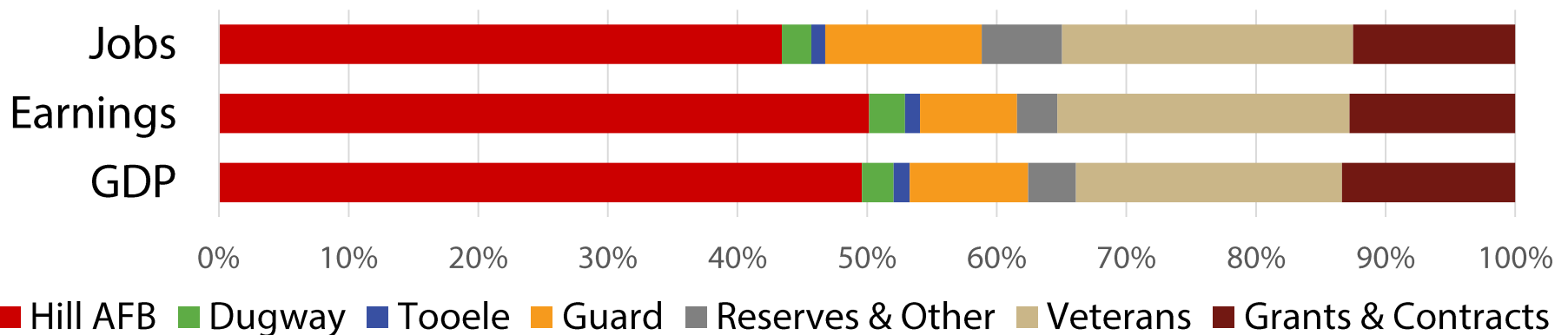
Combined Economic Impact of Defense in Utah: 109,000 jobs and \$9.2 billion in economic activity

Defense was responsible for 5.8% of Utah's jobs, 7.1% of its earnings, and 6.2% of its GDP in 2015.

Table 1: Economic Impact of Utah's Defense Sector, 2015
(Millions of Dollars)

Category	Impact
Jobs	109,021
Earnings	\$6,384.3
Gross Domestic Product	\$9,212.7

Source: Gardner Policy Institute analysis, REMI PI+



Hill Air Force Base supported over 47,000 jobs and about \$4.6 billion in GDP for Utah in 2015.

Table 2: Statewide Impacts of Hill Air Force Base, 2015
(Millions of Dollars)

Category	Direct Federal*	Indirect & Induced	Total
Jobs	16,732	30,609	47,341
Earnings	\$1,825.2	\$1,377.1	\$3,202.3
Gross Domestic Product			\$4,569.8

* Does not include jobs of contract civilian or private businesses on base.

These are included in the indirect and induced jobs.

Source: Kem C. Gardner Policy Institute analysis using the REMI PI+ model
(see Table 2.3 on p. 11 of the report)

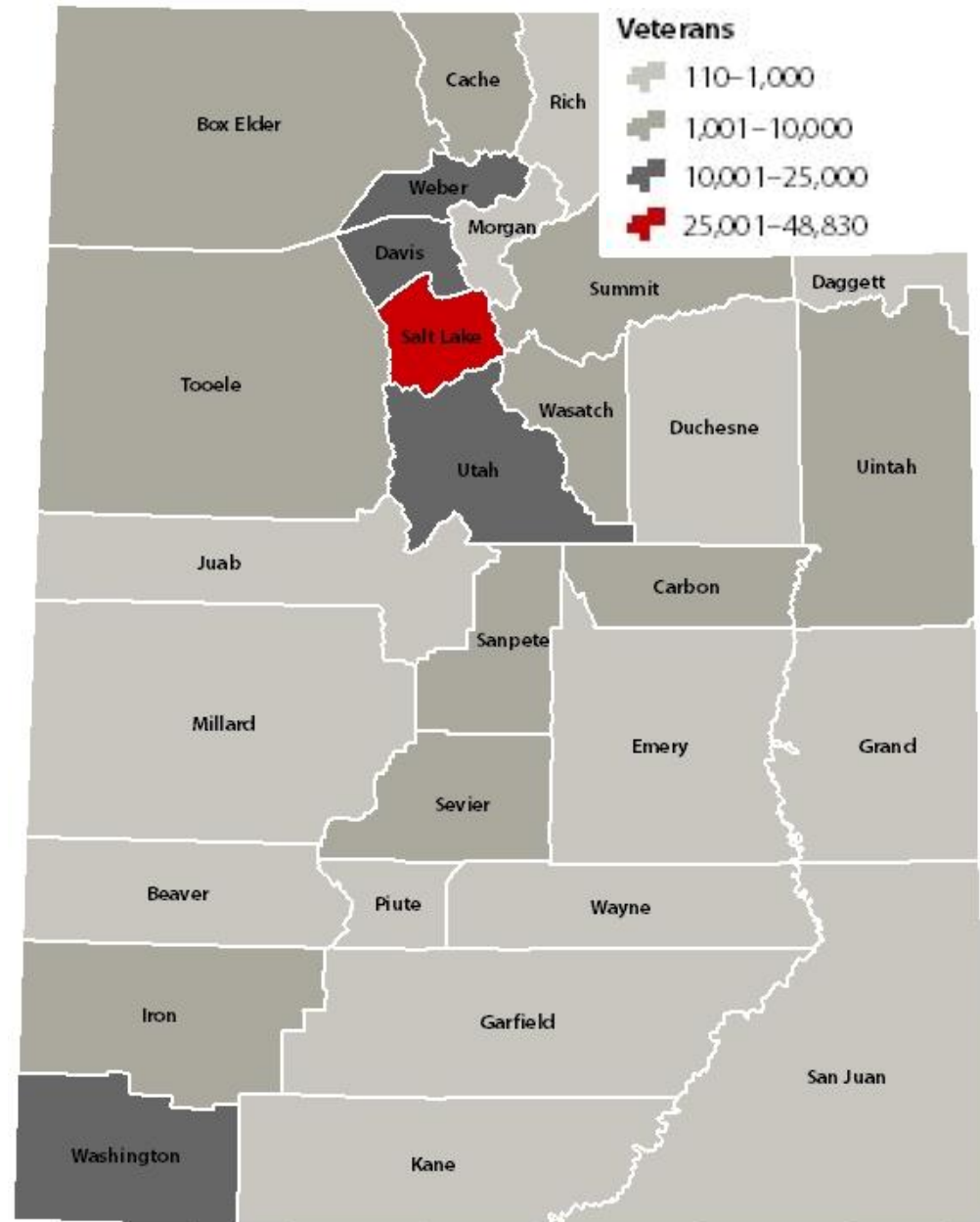
Hill AFB employed 16,732 military personnel and DoD civilians. Including contractors, nearly 20,000 people worked on base.

Hill AFB spent \$2.1 billion in Utah during 2015, including employee earnings, DoD contracts, and other expenses.

Utah Veterans

Items included:

- Veteran compensation
- Veteran benefits
- Military pensions
- VA employment
- VA contracts & grants



Source: U.S. Department of Veterans Affairs, U.S. Department of Defense, U.S. Census Bureau (see Figure 7.1 on p. 22 of the report).

Defense Contracts and Grants in Utah

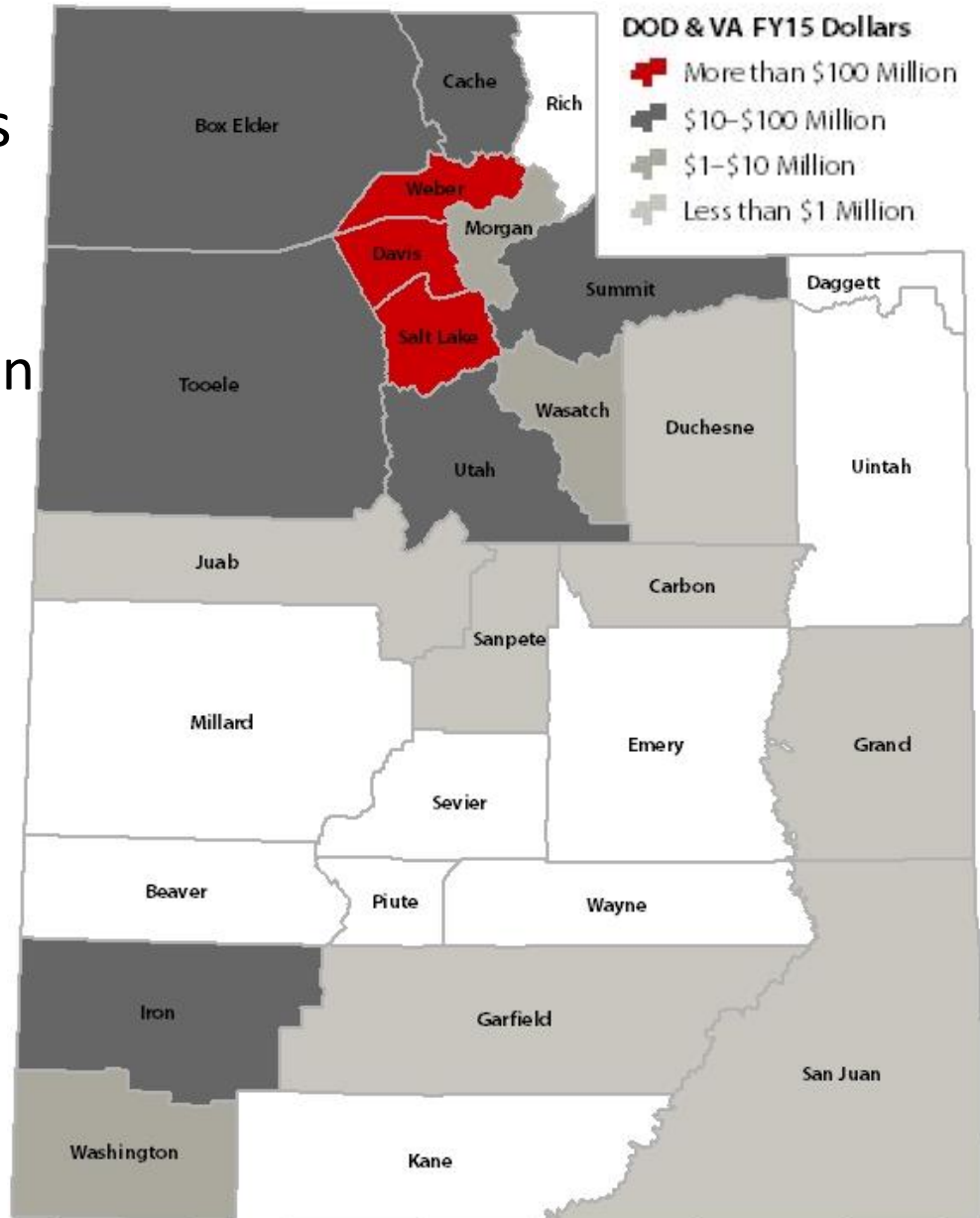
Amounts in 19 Counties

Top Three Counties:

- Salt Lake – \$831.4 million
- Davis – \$387.5 million
- Weber – \$111.5 million

Three Others Selected:

- Summit – \$15.3 million
- Washington – \$6.5m
- San Juan – \$259,000



Top 10 Defense Contractors

Table 3: Ten Largest DoD and VA Contractors in Utah, FY 2015 (Millions of Dollars)

Company	Amount	Share
L-3 Communications	\$334.6	22.1%
Orbital ATK	\$240.7	15.9%
Northrop Grumman	\$82.5	5.5%
Boeing	\$36.8	2.4%
Utah State University	\$32.7	2.2%
Rio Vista Management	\$29.6	2.0%
Unisys Corp.	\$29.6	2.0%
BioFire	\$28.9	1.9%
ImSAR	\$24.1	1.6%
Sverdrup Technology	\$21.9	1.4%
Total	\$861.5	56.9%

Note: Shares are of total FY15 DOD and VA contracts of \$1.5 billion.

Source: Gardner Policy Institute analysis of data from USASpending.gov.

(see Table 8.5 on p. 29 of the report)

Fiscal Impact Results

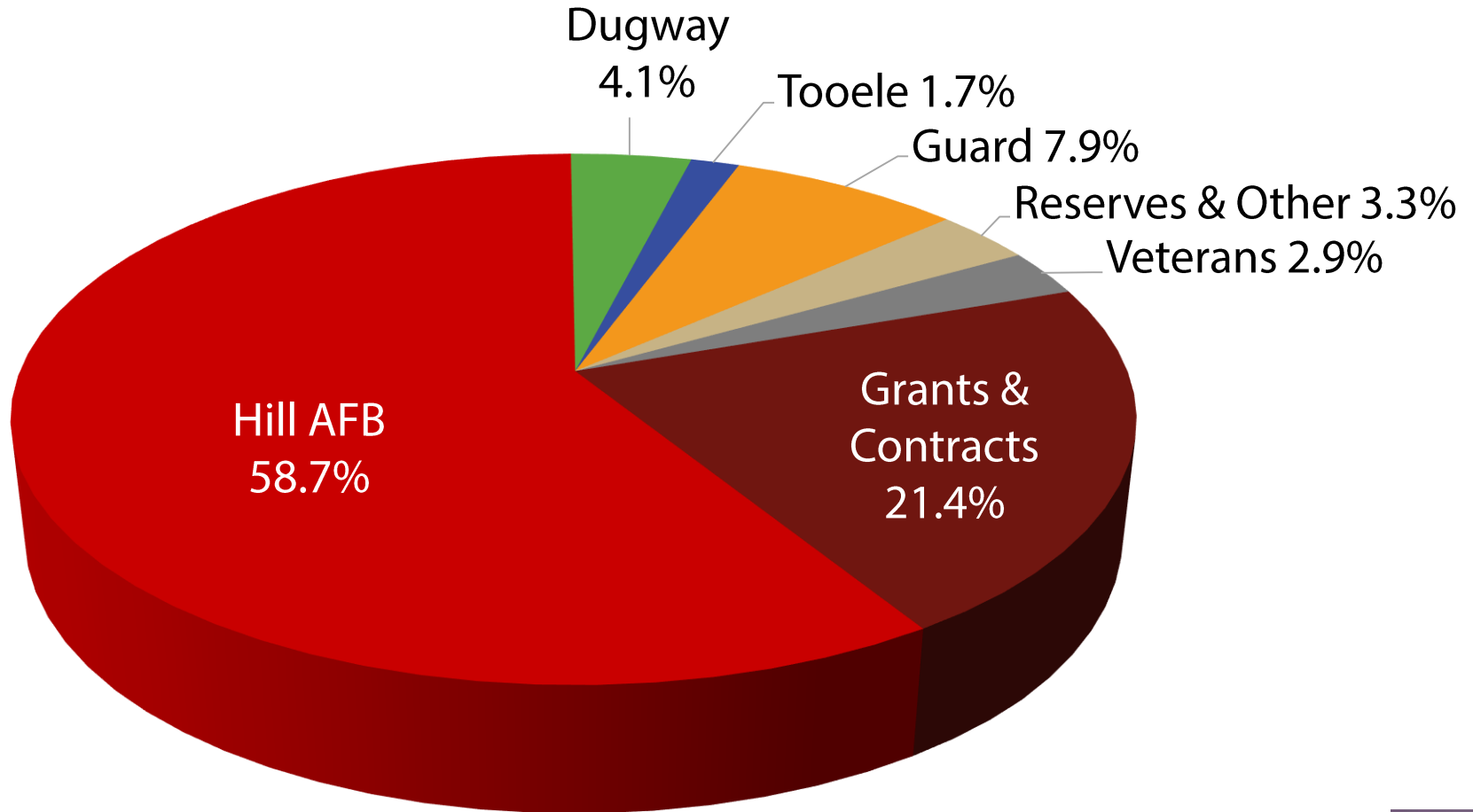
Fiscal Impacts: The defense sector directly and indirectly generated \$146.3 million in net state revenue.

Table 4: State Fiscal Impacts of Utah's Defense Sector, 2015
(Millions of Dollars)

Category	Impact
Revenue	\$387.7
Operating Expenditures	\$232.4
Net State Revenue	\$146.3

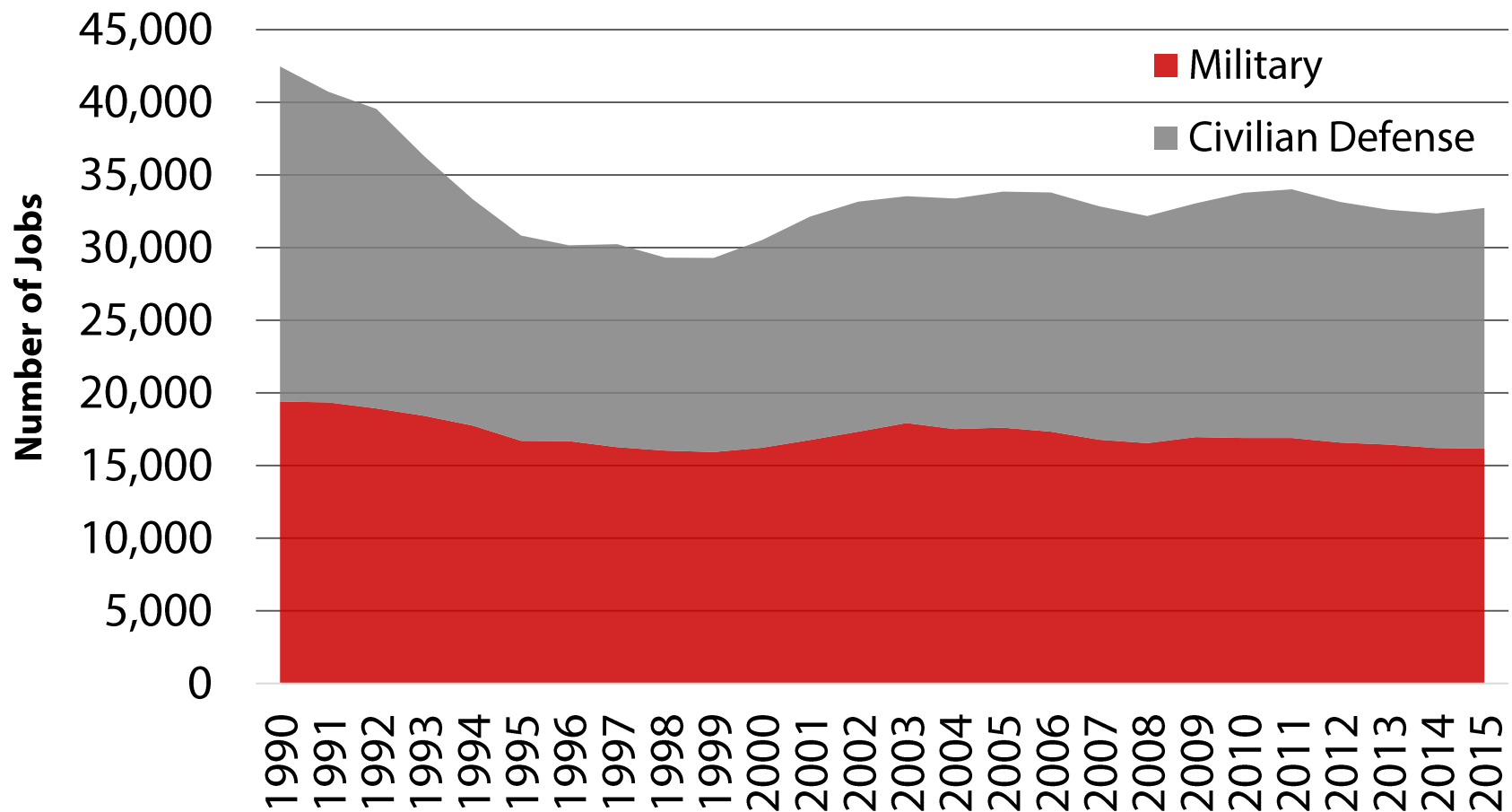
Source: Kem C. Gardner Policy Institute analysis.
(see Table 2, p. 3 in report)

Components of \$146.3 Million in Net State Revenue from the Defense Sector in 2015

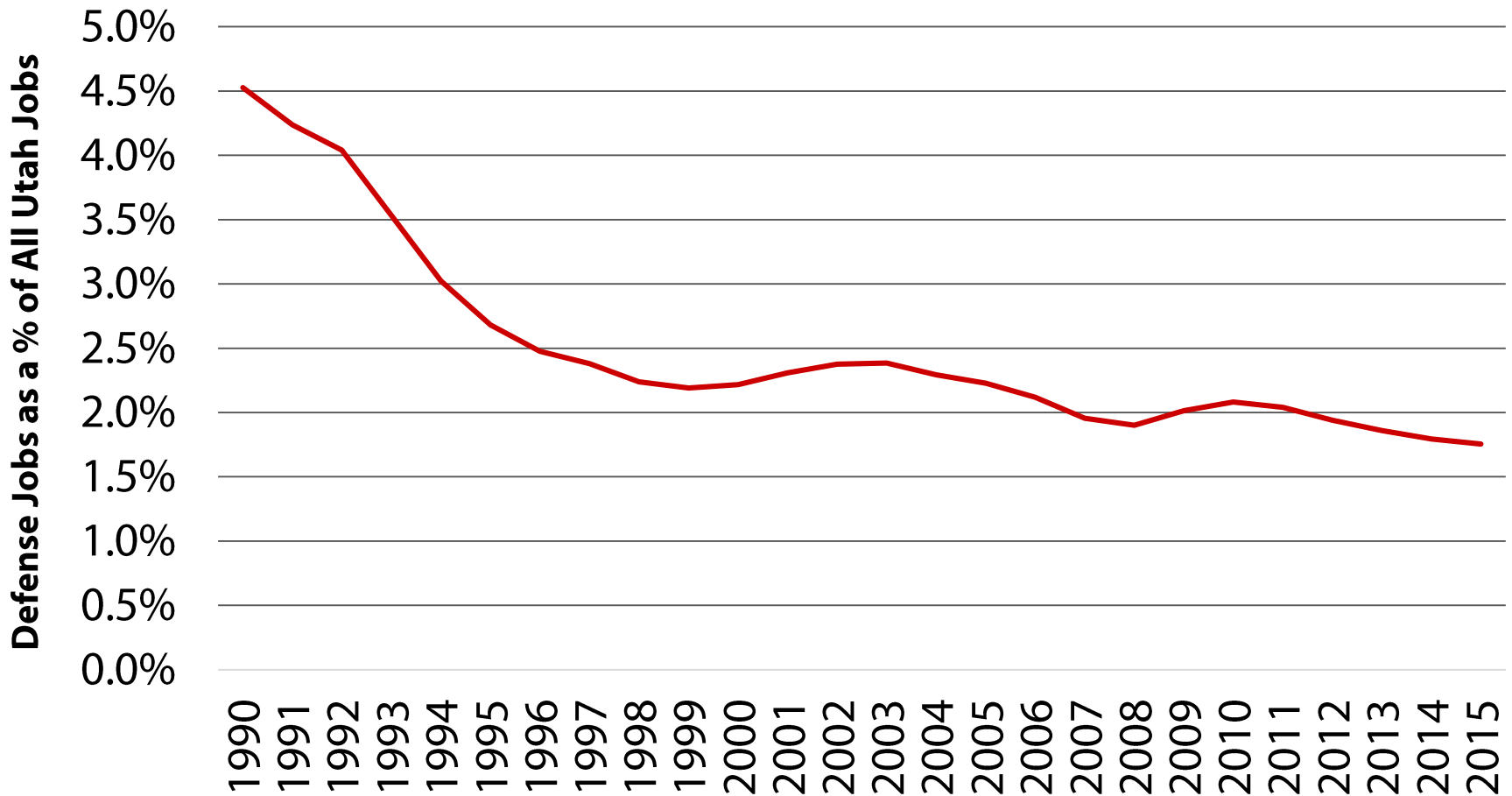


Historical Trends in Federal Defense Employment

Defense employment has been fairly stable in Utah for 15 years, with a slight decline in military personnel and a somewhat larger increase in civilian defense jobs.



Utah's non-defense employment has grown faster than its defense employment.



Economic Impact of Hill Air Force Base through 2040: Forecast and Simulation

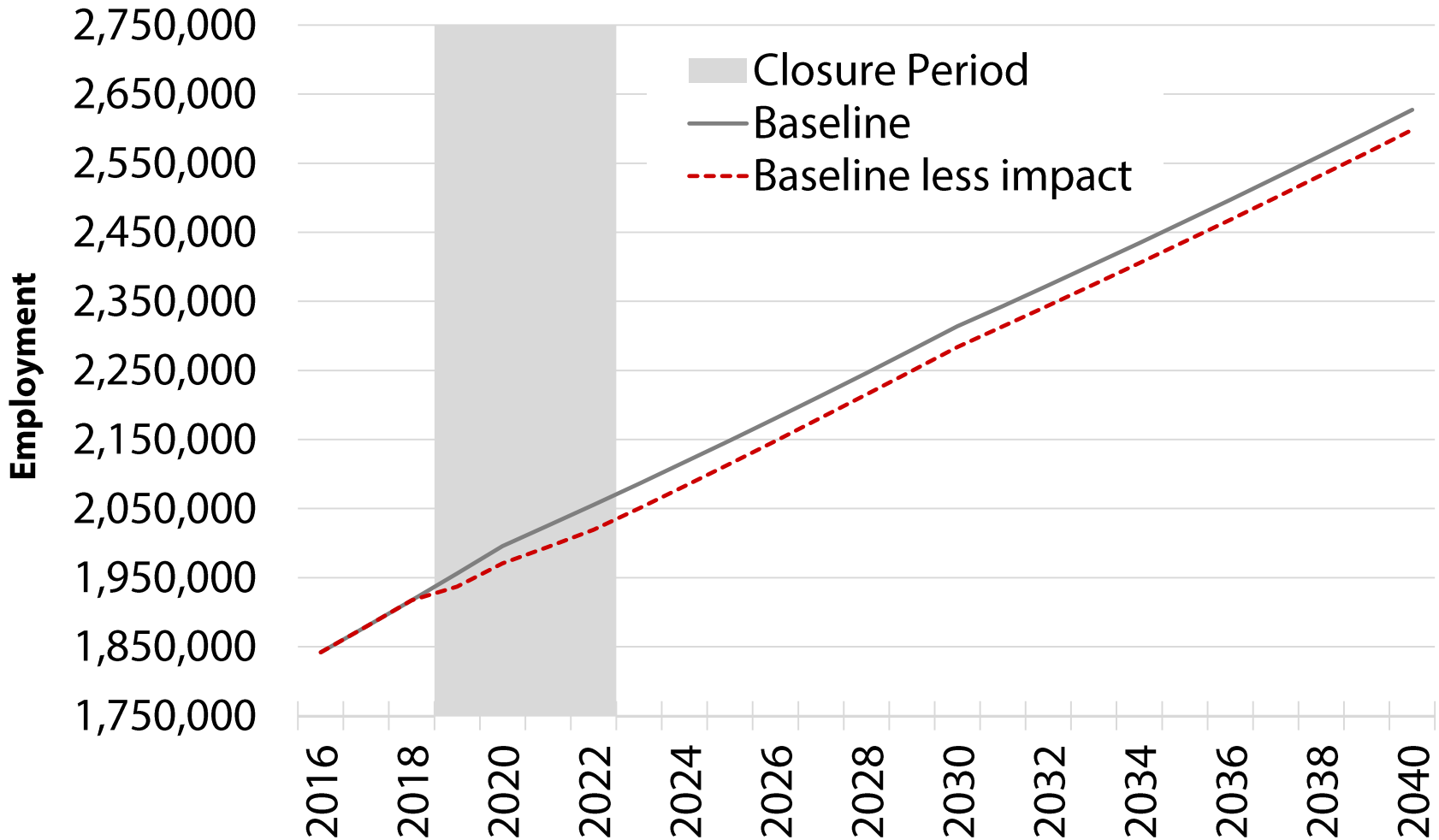
Statewide Losses Without Hill AFB

Table 5: Statewide Economic, Demographic and Fiscal Impacts from Hill AFB Closure Scenario
(Millions of Constant 2015 Dollars, Percent of State Total)

Category	2023		2040	
Employment	-35,678	-1.7%	-28,712	-1.1%
Earnings	-\$2,926.5	-2.6%	-\$2,644.3	-1.8%
GDP	-\$3,899.5	-2.1%	-\$3,770.5	-1.5%
Population	-30,616	-0.9%	-53,830	-1.2%
State Tax Revenue	-\$155.5	NA	-\$172.8	NA
State Expenditures	-\$122.8	NA	-\$230.4	NA

Source: Kem C. Gardner Policy Institute analysis (see report Table 10.1, p. 37).

Statewide employment without Hill AFB: more than 35,000 jobs in 2023 and 28,000 jobs in 2040.



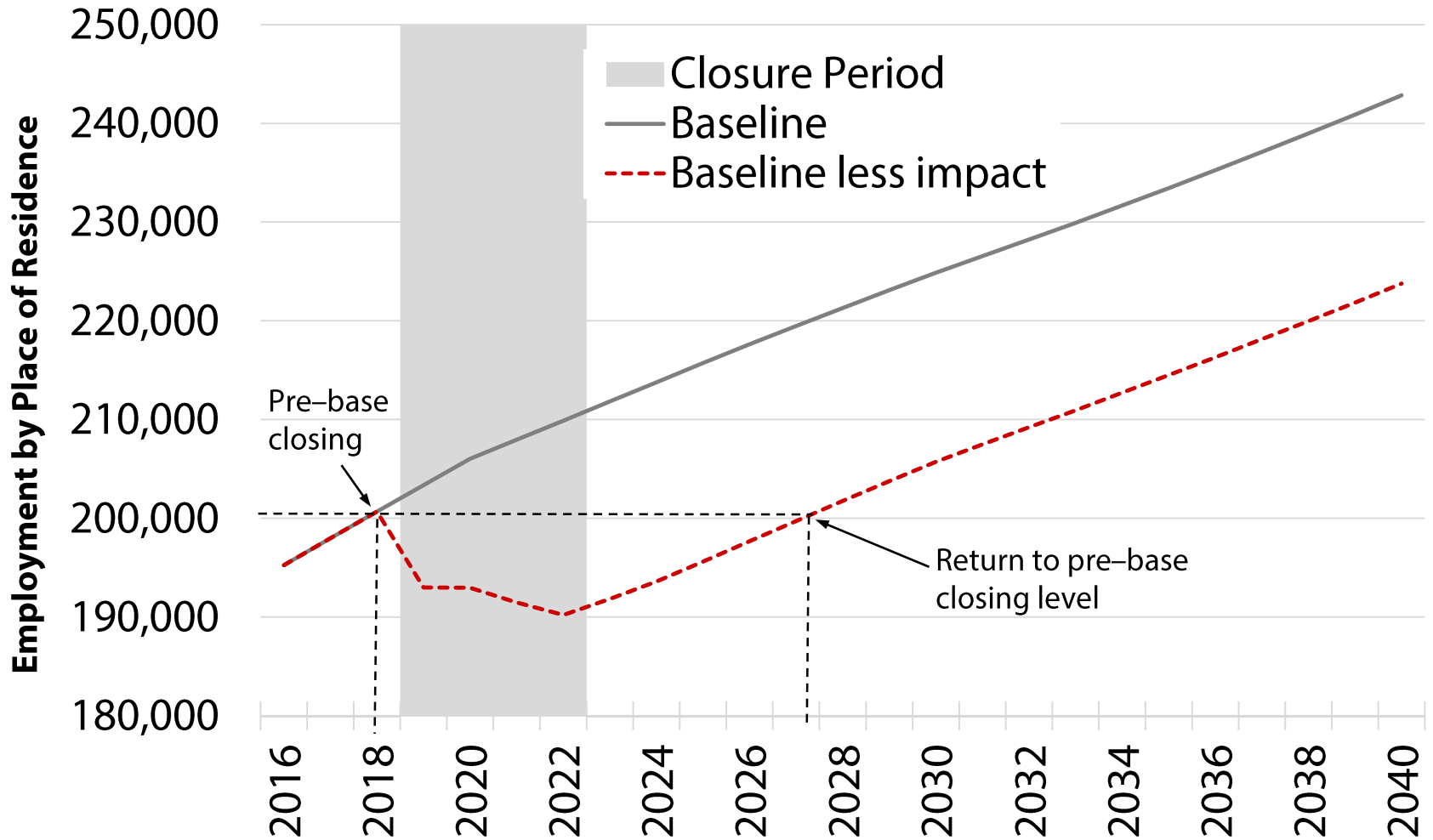
Losses in Davis County Without Hill AFB

Table 6: Davis County Economic, Demographic and Fiscal Impacts of Hill AFB Closure Scenario
(Millions of Constant 2015 Dollars, Percent of County Total)

Category	2023		2040	
Employment by Place of Residence	-20,004	-9.4%	-19,077	-7.9%
Earnings by Place of Residence	-\$1,670.6	-13.5%	-\$1,799.9	-11.3%
GDP	-\$2,877.3	-17.7%	-\$2,899.7	-13.4%
Population	-20,604	-5.6%	-40,594	-9.5%
State Tax Revenue	-\$39.1	NA	-\$47.9	NA
State Expenditures	-\$13.4	NA	-\$34.7	NA

Source: Kem C. Gardner Policy Institute analysis (see report Table 10.7, p. 41).

Davis County employment without Hill AFB: 20,000 jobs in 2023, 19,000 jobs in 2040



For the report PDF and to contact researchers...

“Utah’s Defense Sector: Economic Impacts of the Military and Veterans”
by John Downen and Levi Pace, Kem C. Gardner Policy Institute,
March 2017, 45 pages

<http://gardner.utah.edu/wp-content/uploads/DefenseReportFinal.pdf>

Research team contact information:

Juliette Tennert, Director, 801-581-3362, juliette.tennert@utah.edu

John Downen, Author, 801-581-3366, john.downen@utah.edu

Levi Pace, Author, 801-587-9890, levi.pace@utah.edu

Utah Defense Alliance

450 Simmons Way, Suite 400 | Kaysville, UT 84037-0967
801-593-2113 | www.utahdefensealliance.com

Kem C. Gardner Policy Institute

David Eccles School of Business | 411 E. South Temple Street
Salt Lake City, UT 84111 | 801-585-5618 | gardner.utah.edu



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Additional Slides

Details on direct, indirect and induced economic impacts for each defense component, similar to the slide for Hill AFB with Table 2.

Dugway Proving Ground supported nearly 2,500 jobs and \$225 million in GDP for Utah.

Table 7: Statewide Impacts of Dugway Proving Ground, 2015
(Millions of Dollars)

Category	Direct Federal*	Indirect & Induced	Total
Jobs	689	1,790	2,479
Earnings	\$78.9	\$96.9	\$175.9
Gross Domestic Product			\$225.0

* Does not include jobs of contract civilians or private businesses on base. These are included in the indirect and induced jobs.

Source: Kem C. Gardner Policy Institute analysis using the REMI PI+ model (see Table 3.3 on p. 14 of the report)

Dugway Proving Ground employed 689 people and spent an estimated \$135.1 million in Utah during 2015. Including contractors, over 1,500 people worked on base.

Tooele Army Depot supported 1,100 jobs and \$114 million in GDP for Utah in 2015.

Table 8: Statewide Impacts of Tooele Army Depot, 2015
(Millions of Dollars)

Category	Direct Federal	Indirect & Induced	Total
Jobs	550	614	1,164
Earnings	\$41.0	\$34.0	\$75.0
Gross Domestic Product			\$113.8

Source: Kem C. Gardner Policy Institute analysis using the REMI PI+ model (see Table 4.3 on p. 15 of the report)

Tooele Army Depot employed 550 people and spent \$56.8 million in Utah during 2015.

The **Utah National Guard** supported over 13,000 jobs and \$840 million in GDP for Utah in 2015.

Table 9: Statewide Impacts of the Utah National Guard, 2015 (Millions of Dollars)

Category	Direct Federal	Indirect & Induced	Total
Jobs	9,280	3,896	13,176
Earnings	\$245.7	\$231.6	\$477.3
Gross Domestic Product			\$841.9

Source: Kem C. Gardner Policy Institute analysis using the REMI PI+ model (see Table 5.3 on p. 18 of the report)

The Utah National Guard employed 2,383 people full-time, as well as 6,897 Guard members, in 2015. The Guard spent an estimated \$251.3 million in-state.

Reserves, recruiting, and ROTC supported over 6,700 jobs and \$340 million in GDP for Utah in 2015.

Table 10: Economic Impacts of Reserves, Recruiting and ROTC, 2015 (Millions of Dollars)

Category	Direct Federal	Indirect & Induced	Total
Jobs	4,462	2,284	6,746
Earnings	\$73.7	\$125.5	\$199.2
Gross Domestic Product			\$339.8

Note: This slide does not include 1,128 military and 214 civilian reserve employees at Hill AFB or 106 military and 6 civilian recruiters at Hill AFB and the Utah National Guard. They are all included in Hill and Guard impacts, respectively.

Source: Kem C. Gardner Policy Institute analysis using the REMI PI+ model (see report, Table 6.2, p. 11 for reserves; Table 6.5, p. 20 for recruiting, Table 6.9, p. 21 for ROTC)

Reserves: 3,978 reservists and active-duty, 185 civilians
 Recruiting: 183 military and 47 civilians
 ROTC: 54 military and 15 civilians

Federal spending for **veterans in Utah** supported 24,000 jobs and \$1.9 billion in GDP for Utah in 2015.

Table 11: Economic Impacts of Federal Spending for Veterans in Utah, 2015
(Millions of Dollars)

Category	Impact
Jobs	24,480
Earnings	\$1,437.8
Gross Domestic Product	\$1,891.9

Source: Gardner Policy Institute analysis using REMI PI+ model
(see Table 7.6 on p. 25 of the report)

During 2015, the VA employed 3,010 people in Utah. VA and DoD spending for Utah veterans was \$1.8 billion, including employee earnings, health care, pensions for veterans and military retirees, federal contracts & grants, and other expenditures.

Additional contracts and grants supported 13,600 jobs and \$1.2 billion in GDP for Utah in 2015.

Table 12: Economic Impacts of Other Contracts and Grants to Utah Recipients, 2015
(Millions of Dollars)

Category	Impact
Jobs	13,635
Earnings	\$816.8
Gross Domestic Product	\$1,230.4

Only includes DoD and VA contracts and grants that were not included in the analysis for veterans, Utah National Guard, or any military installation.

Source: Kem C. Gardner Policy Institute analysis using the REMI PI+ model (see report, Table 8.9, p. 30 for grants; Table 8.13, p. 32 for contracts)

The DoD and VA provided \$891.4 million in contracts and grants to Utah recipients in 2015, in addition to those included in economic impacts for veterans, the Guard or any Utah military installation.