



The Economic Implications of Regional Military and Federal Spending

REMI Webinar Series

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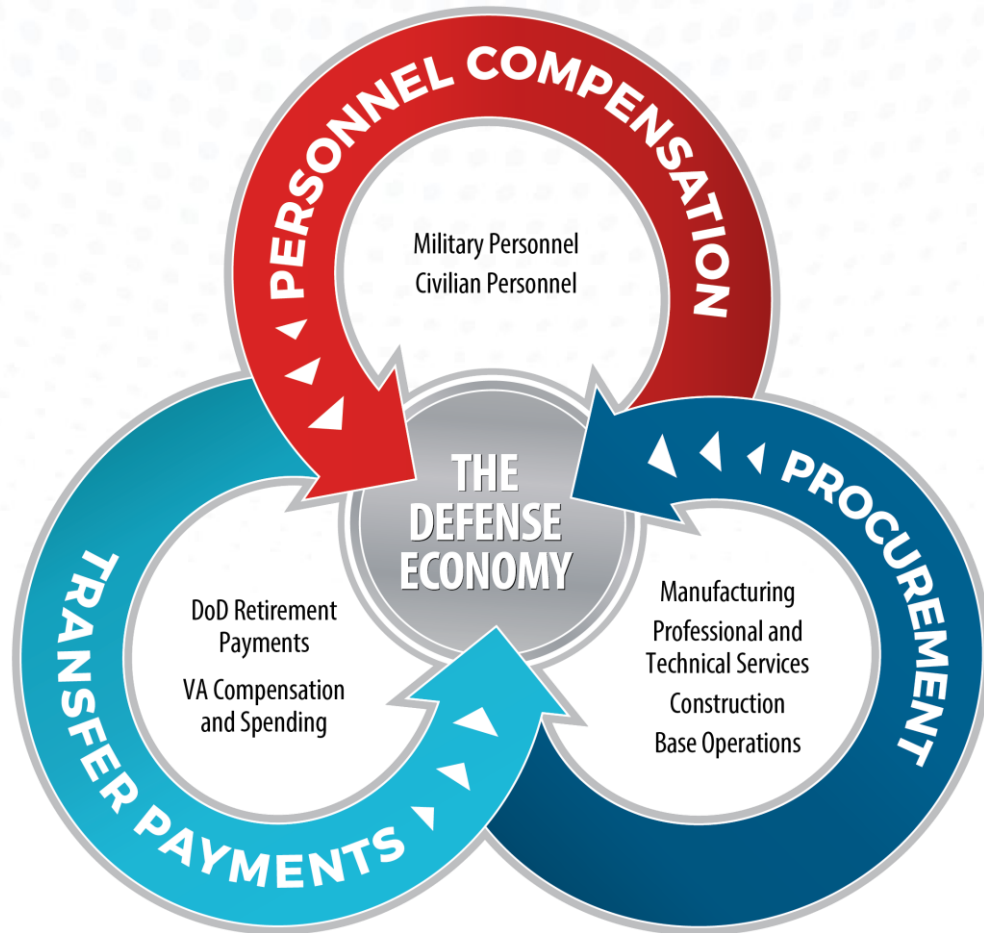
- **Over 30 years of...**
 - Economic & fiscal impact analytics
 - Workforce & economic development analytics
 - Commercial real estate analytics
 - Development / Redevelopment
 - Market Projections
 - Pro Forma (Financial modeling)
 - Feasibility studies



What is an Economic Impact Assessment?

- Using the REMI PI+ econometric model, this study measured the total economic effects of Military and Federal spending on the Ohio economy
- Total economic effects (multiplier) include direct, indirect, and induced effects:
 - $\text{Direct (initial spending)} + \text{indirect (supply chain spending)} + \text{induced (household spending)} = \text{Total impact}$
- Key economic indicators considered:
 - Total Part and Full-time Jobs
 - Total Compensation
 - Total Personal Income
 - Total GDP/Value added
 - Total Gross Output

Spending Flows Captured

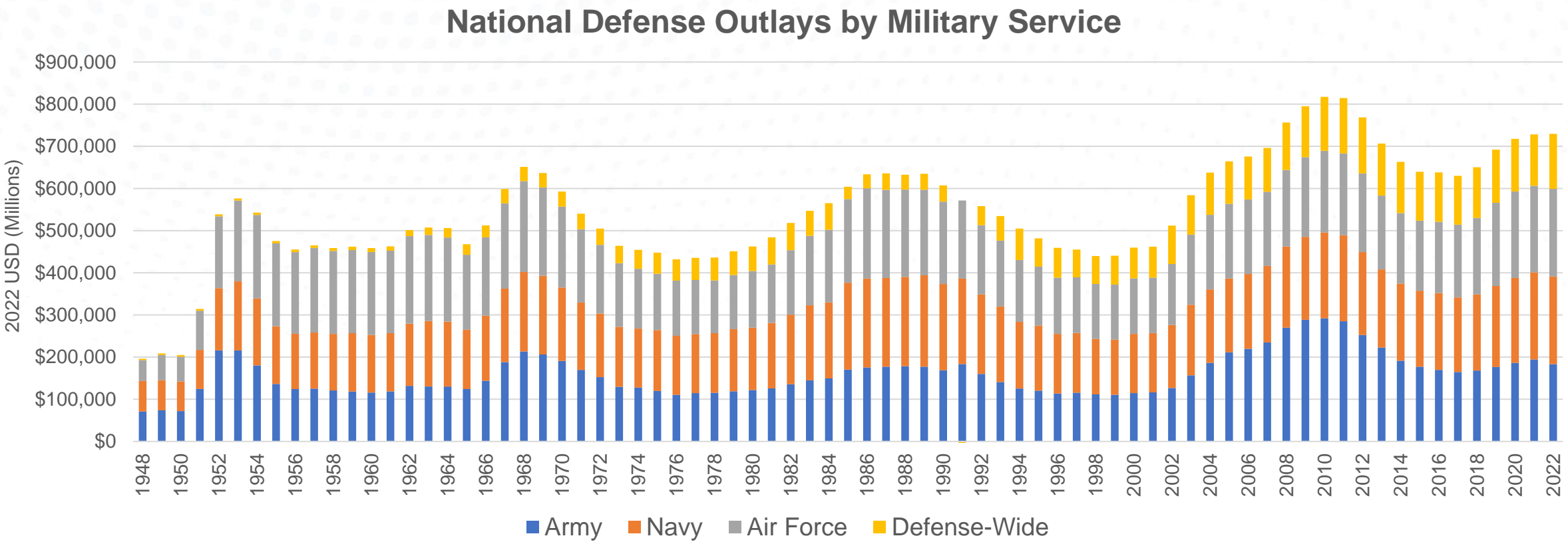


Spending flows captured

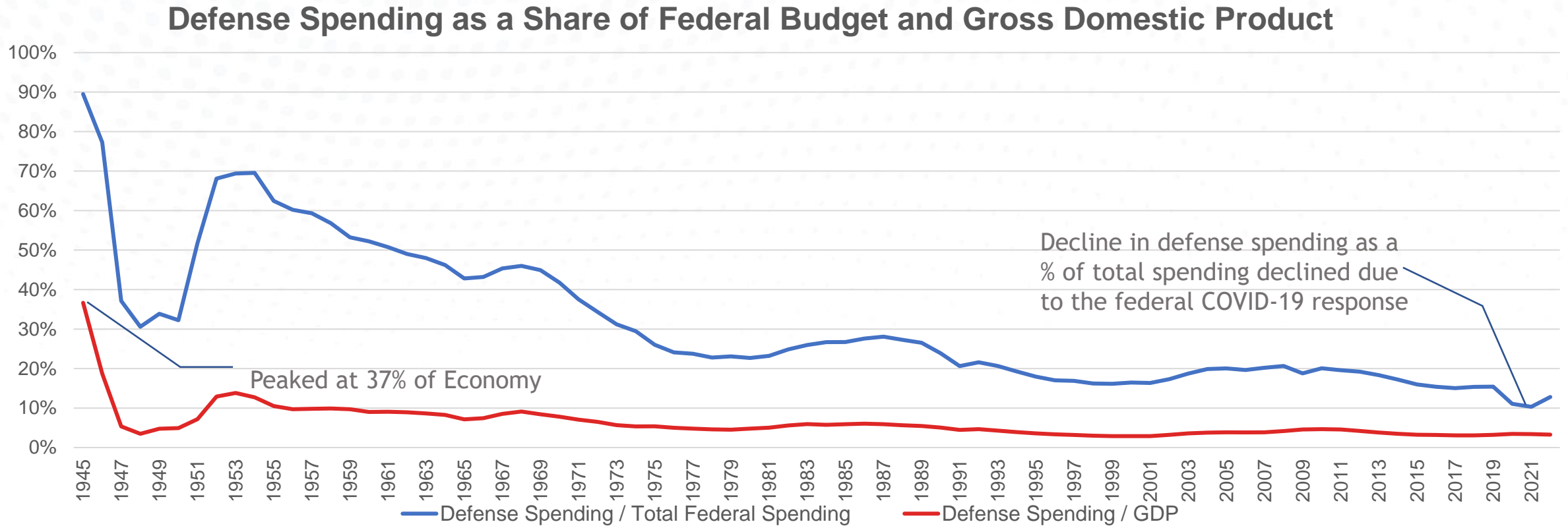
- Personnel Compensation
- Procurement Contracts
- Transfer Payments

National Trends in Defense Spending

National Trends in Defense Spending

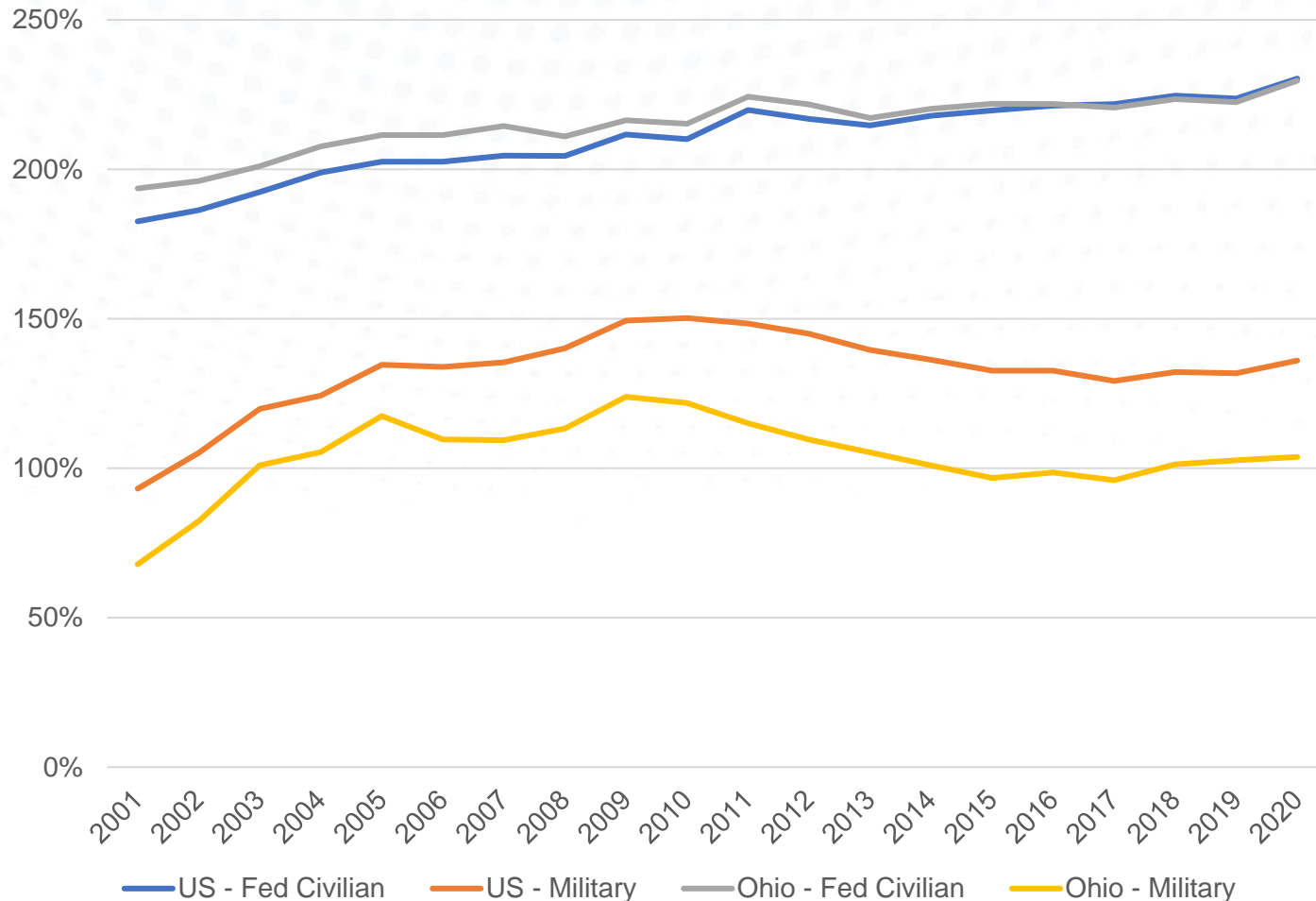


National Trends in Defense Spending



Ohio Trends in Military & Federal Spending

Average Military & Federal Compensation as Percentage of Average Total Compensation

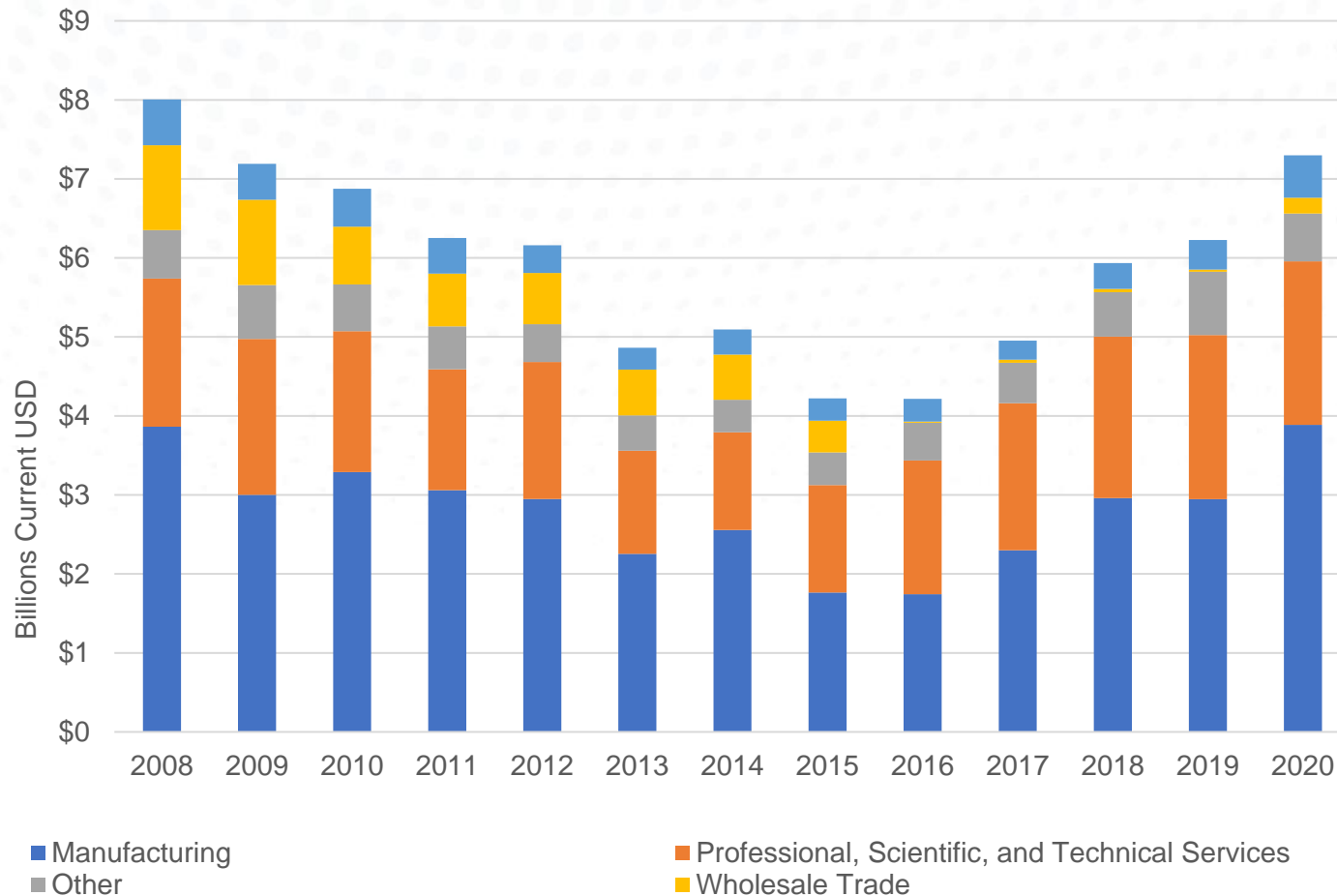


- As of 2020, US federal civilian workers earn, on average, 230% of the average US worker
- Ohio's federal workers also earn roughly 230% of the average Ohio worker
- US military service members earn approximately 136% of the average US worker
- Ohio military service members earn, on average, approximately 103% of the average Ohio worker
- Both the US and Ohio military service members earn much closer to the average worker as many military services members are part-time National Guardsmen and Reservists

Source: REMI PI+ v2.4.6 (build 5713)

Note: Federal employment includes all federal civilian workers regardless of federal agency. The federal agencies considered in the economic impact assessment were restricted to the Department of Defense, Coast Guard, Department of Veterans Affairs, and the National Aeronautical and Space Administration. All federal workers are included above as no historical data on individual federal agencies are available at the state level.

Military & Federal Contract Performance

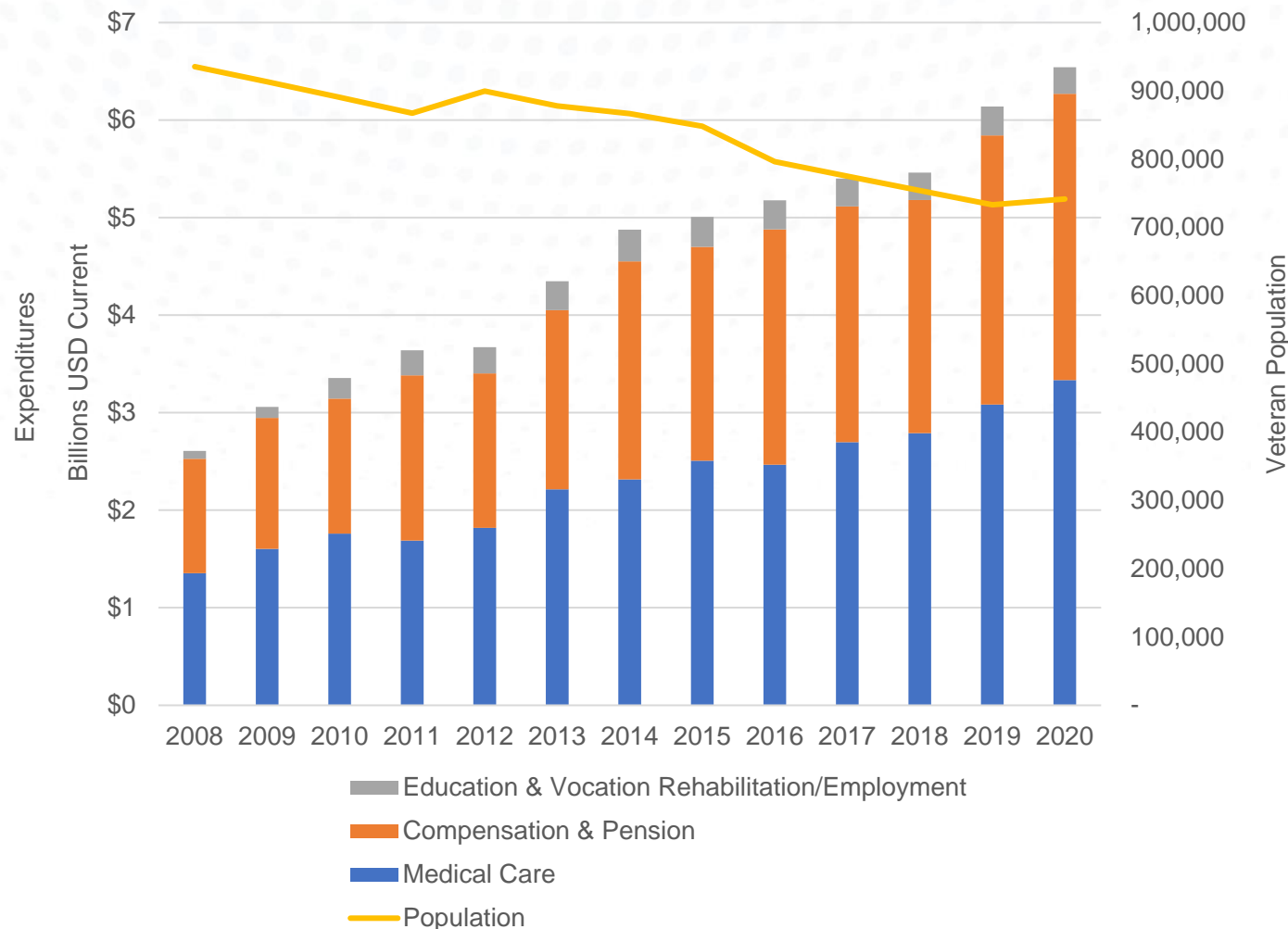


- **Contracts performed in-state have declined from \$8 billion in 2008 to just over \$7 billion in 2020.**
- **Contracts began to decline in 2009 but the decline was accelerated by the Budget Control Act of 2011 (Sequestration)**
- **During the Trump Administration, contracts experienced an upward trajectory**
- **Contracts performed in Ohio are driven by construction and professional scientific, and technical services (PSTS)**
- **PSTS contracts generate high-wage, high value-added jobs**
- **Since 2016, Ohio has grown its share of PSTS contracts from \$1.7 B to \$2.1 B – surpassing pre-sequestration values on a nominal basis**

Source: US Treasury

Note: Contracts are by place of performance and include the Department of Defense, Department of Veterans Affairs, Department of Homeland Security, and the National Aeronautical and Space Administration.

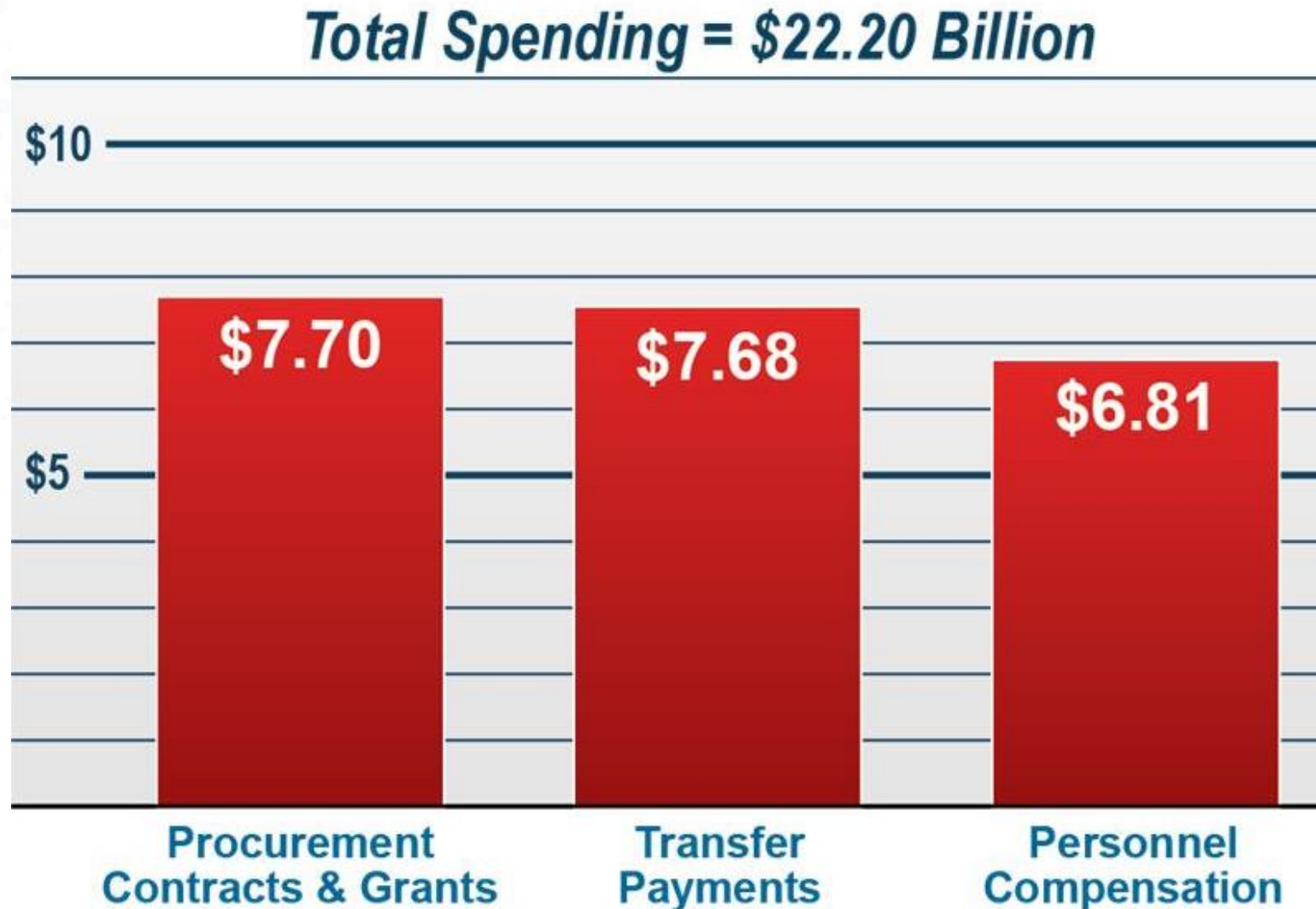
Veterans Benefits & Population



- Since 2008, Ohio's veteran population has declined by 21% from 935,440 to 741,602
- The US veteran population has declined by 17% from 23.3 million to 19.5 million
- Meanwhile, benefits for Ohio veterans have increased by 151% from \$2.6 million to \$6.5 million
- Benefits for all US veterans have increased by 163% from \$77.7 million to \$204.1 million
- Loss in veteran population is primary driven by older veterans passing away and a smaller force structure unable to maintain replacement rate.

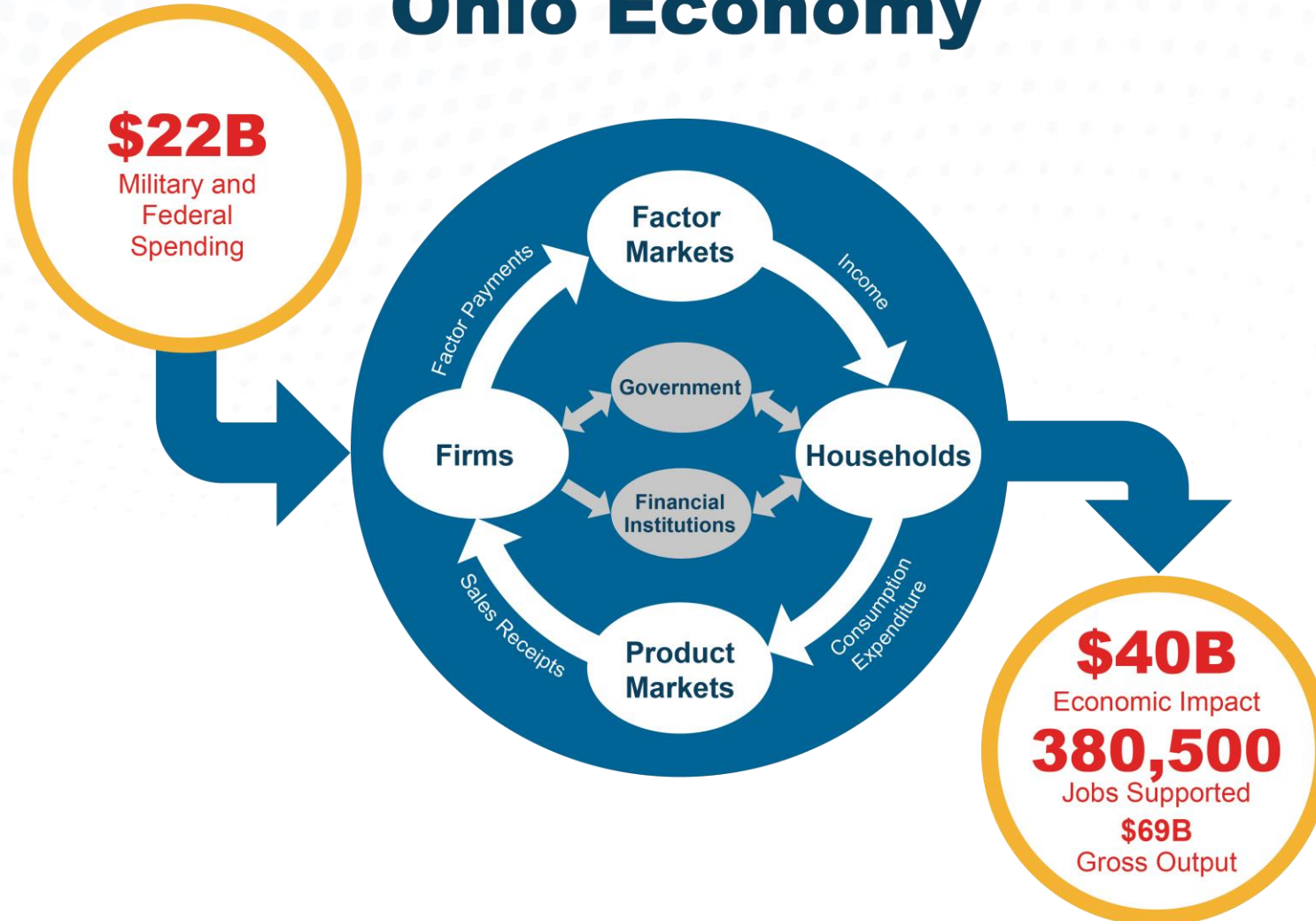
Economic Impacts of Military & Federal Spending

Statewide Direct Spending, 2020



Statewide Total Economic Impacts

Ohio Economy



Military and federal spending supports approximately 6% of Ohio's economy

Total Regional Economic Impacts

Region	Direct Jobs	Indirect / Induced Jobs	Total Jobs Supported	Economic Impact (GDP)	Percentage of Economy	Gross Output
Northeast	31,600	76,900	108,500	\$10.6	4.5%	\$18.3
Western	40,900	62,300	103,200	\$11.6	17.1%	\$19.4
Central	18,700	57,200	75,900	\$7.6	5.6%	\$12.9
Southwest	10,300	48,300	58,600	\$6.7	5.7%	\$12.3
Northwest	5,000	13,000	18,000	\$1.8	2.6%	\$3.3
Southeast	4,400	11,900	16,300	\$1.6	3.2%	\$2.8
Total	110,900	269,600	380,500	\$39.9	5.9%	\$69.0

Source: REMI PI+ v2.4.6 (build 5713)



Thank you!

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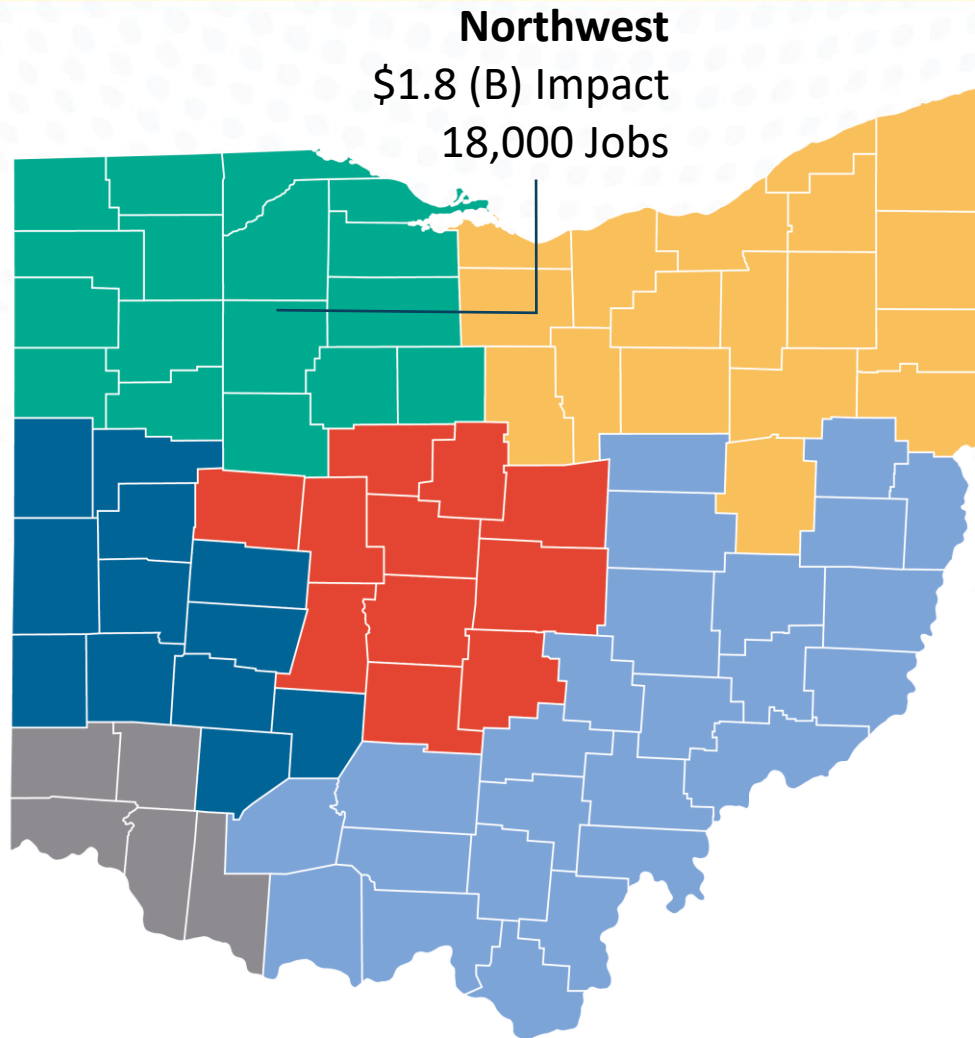


Ancillary Data



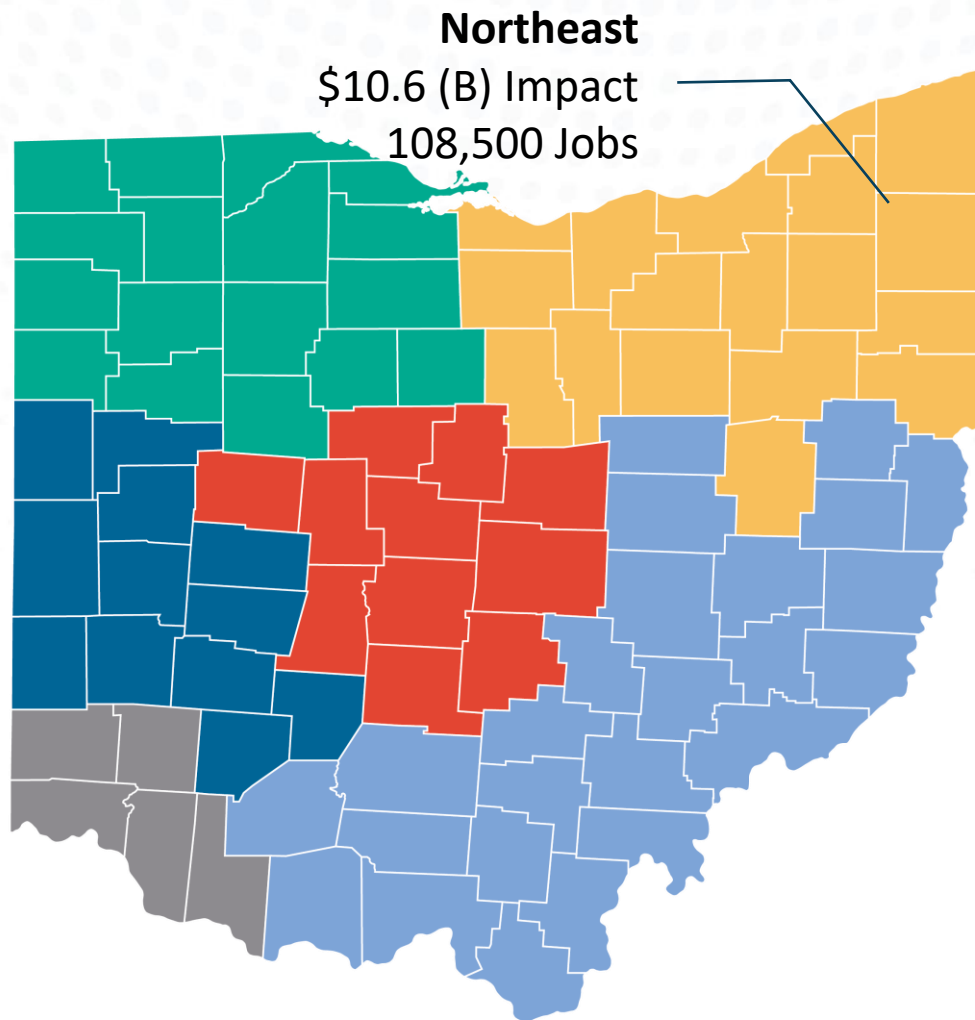
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Region's Military & Federal Drivers



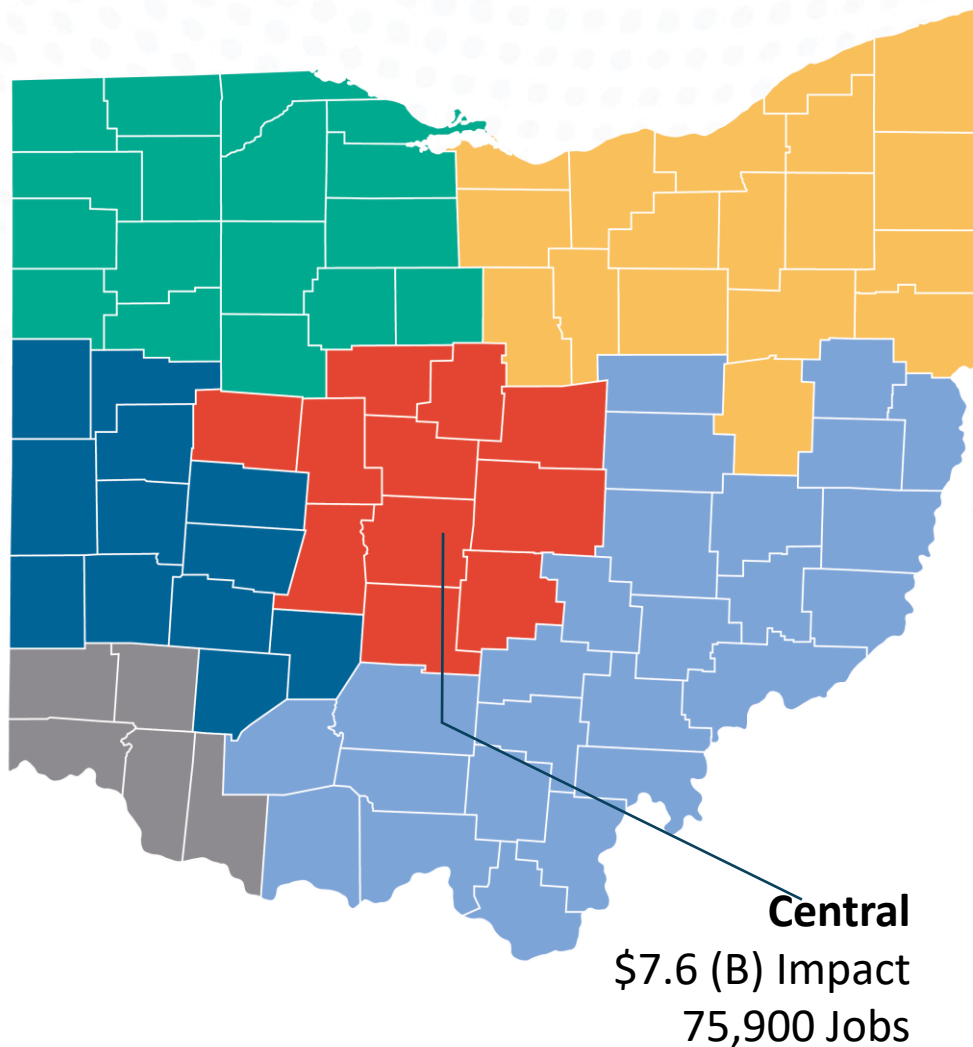
- The Northwest region of Ohio is home to the Joint Systems Manufacturing Center (Lima) as well as the Ohio National Guard units who train at Camp Perry and are attached to the Toledo Express Air National Guard Base
- Additionally, more than 77,500 veterans reside in the region, of which 3,700 are military retirees.
- Total direct military and federal spending was approximately \$960 million in 2020 - \$240 million in procurement contracts, \$166 million in military and civilian compensation, and \$558 million in pensions & transfers to the region's veterans and military retirees.
- Military and federal activities and investment supported roughly 18,000 jobs and \$1.8 billion in regional economic impact, which accounts for 2.62% of the region's economy.
- Although this spending supports less than 3% of the region's economy, many of the jobs tied to this sector offer wages higher than the state average.

Region's Military & Federal Drivers



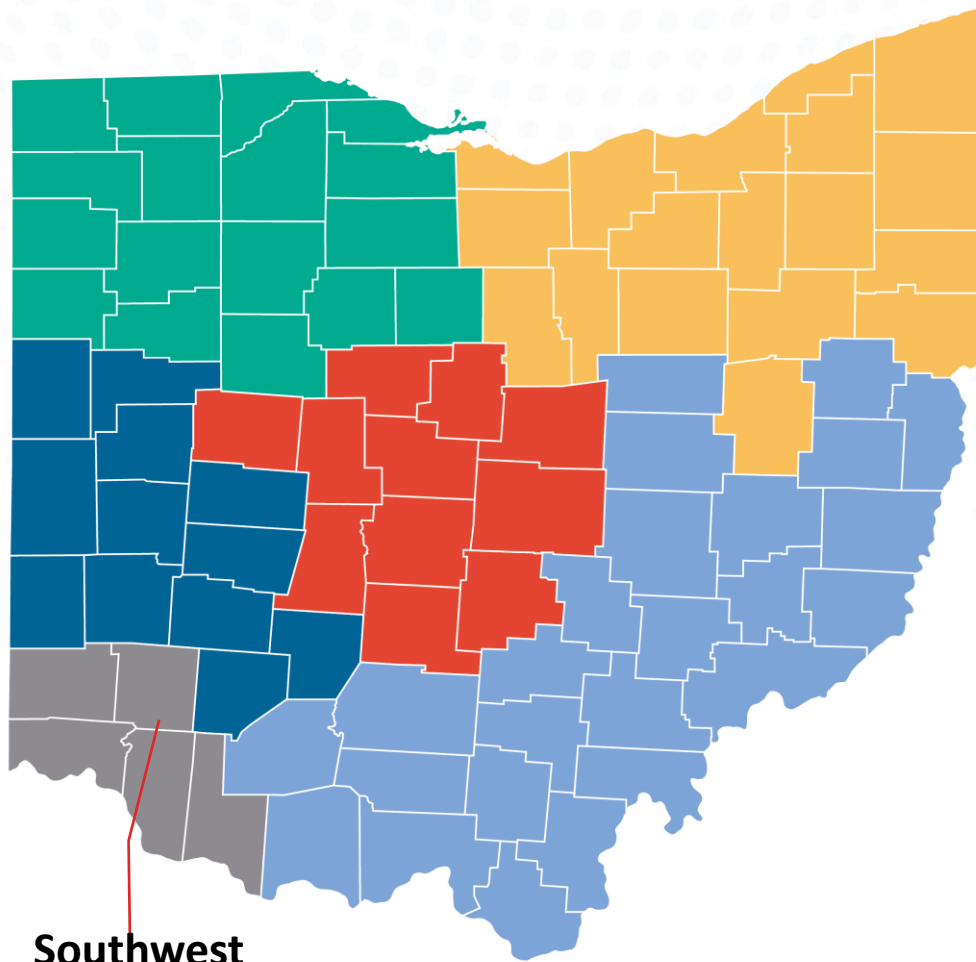
- The 18-county region of Northeast Ohio is home to a variety of military installations, veterans support services, research facilities, and DoD's "Fourth Estate" functions.
- Military installations include Youngstown Air Reserve Station, Mansfield Lahm Air National Guard Base, and Camp Garfield; veterans support services include the Louis Stokes Cleveland VA Medical Center; research facilities include those at NASA's Glenn Research Center; and, the DoD's Defense Finance Accounting Services located in Cleveland.
- The region is also home to 37% of the state's veterans with more than 273,000, of which over 12,000 are military retirees.
- In all, more than \$5.5 billion in military and federal spending was realized in 2020. Given the region's large veteran population, nearly 50% of this spending came as pensions and transfers to veterans residing in-region; more than 30% came in the form of compensation for the region.
- Additionally, more than 30% came in the form of compensation for the region's military and civilian employees while 20% went to the procurement contracts performed in the region.
- This \$5.5 billion in direct spending translated to roughly 108,500 jobs, \$10.6 billion in regional economic impact, and \$18.3 billion in gross output.
- These economic impacts constituted approximately 4.5% of the region's total economy in 2020.

Central Region's Military & Federal Impacts



- The Central Region is made up of 11 counties with several military installations and DoD "Fourth Estate" functions including the Ohio National Guard Headquarters, Rickenbacker Air National Guard base and several smaller Guard armories.
- "Fourth Estate" functions include Defense Finance Accounting Service-Columbus, Defense Information System Agency, Defense Logistics Agency Land and Maritime, and Air Force Meteorology and Calibration.
- The region is also home to the Columbus VA Ambulatory Center which supports the region's 124,900 veterans.
- The region received nearly \$3.5 billion in spending during 2020. Spending was spread roughly the same across the three components with procurement contracts constituting just under 30%, compensation at 35% and pensions & transfers making up the remaining 35%.
- In terms of military and federal impacts on the economy, these dollars supported nearly 76,000 jobs, \$7.6 billion in regional economic impacts, and \$12.9 billion in gross output.
- This represents roughly 5.6% of the region's total economy.

Region's Military & Federal Drivers

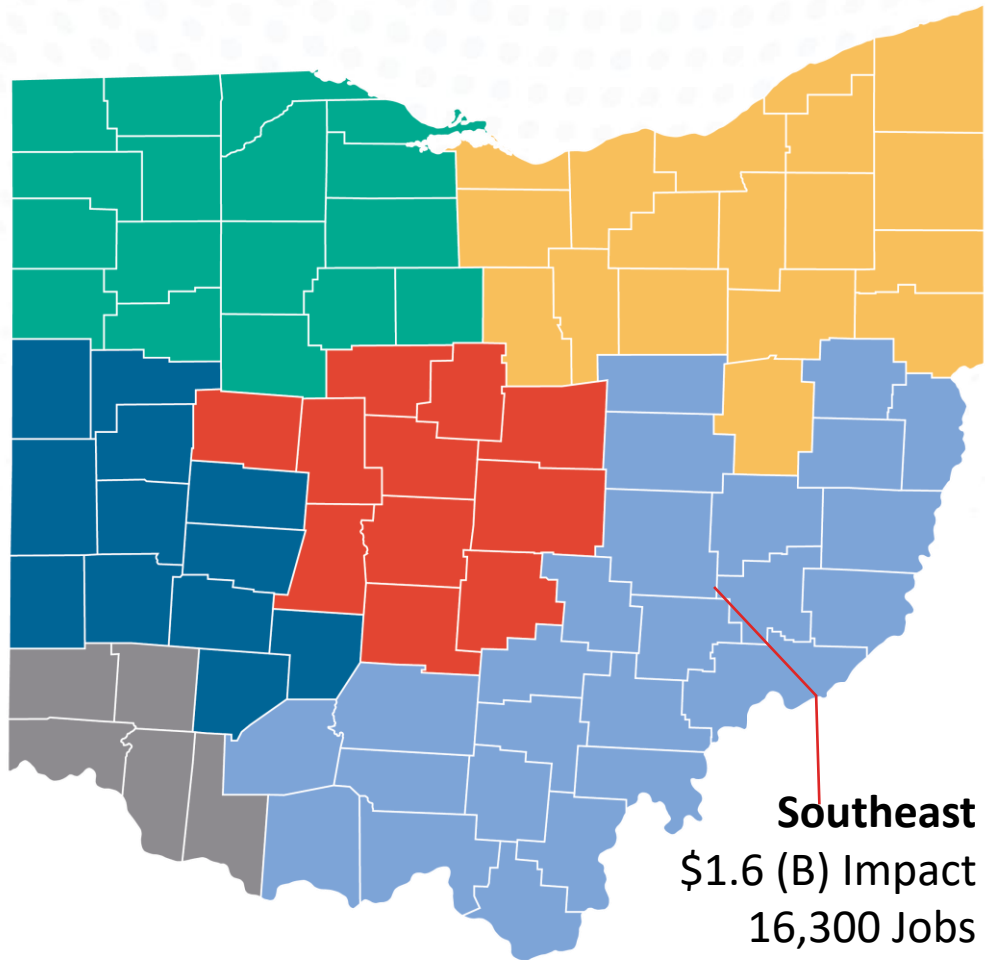


Southwest

\$6.7 (B) Impact
58,600 Jobs

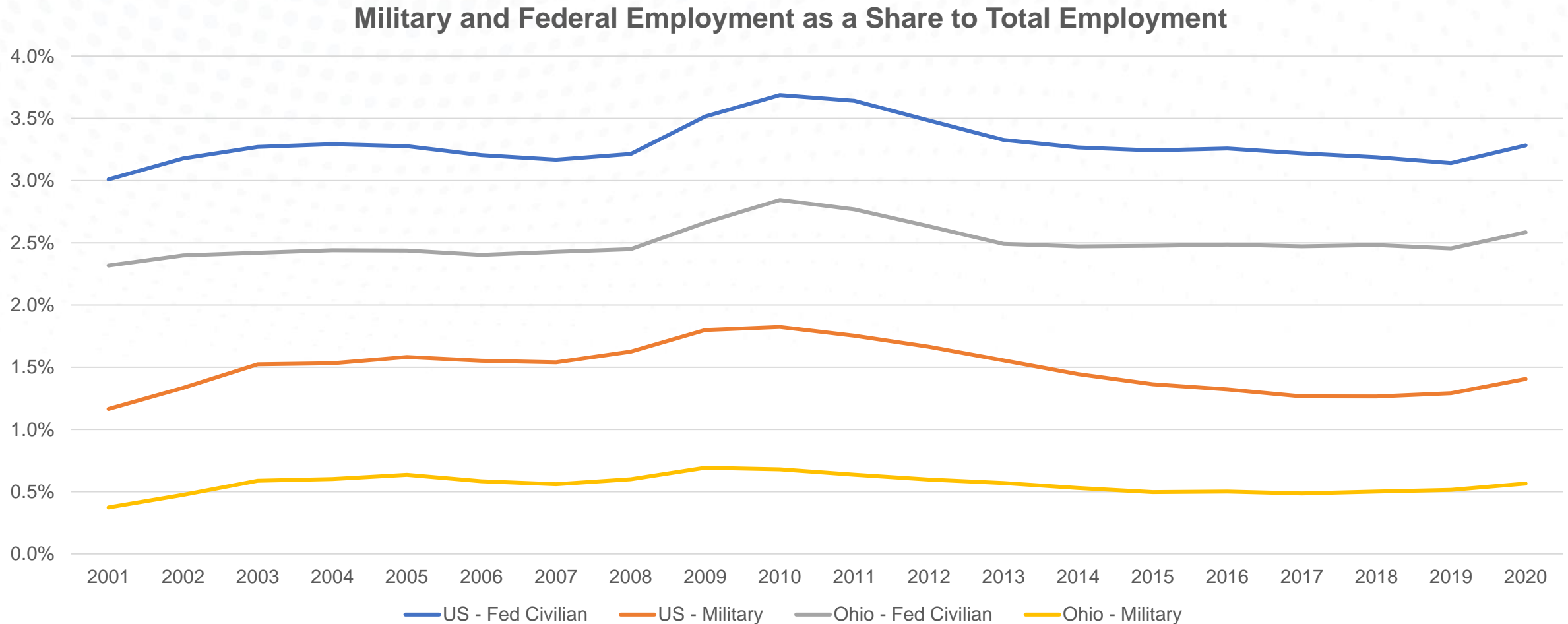
- The Southwest region is home to the Cincinnati VA Medical Center, the Great Lakes U.S. Army Corps of Engineers (USACE), and the Blue Ash Air National Guard Station.
- In 2020, the region received \$4.2 billion in direct military and federal spending. Approximately 70% or \$2.8 billion was from procurement contracts performed in-region, representing the largest share of procurement contracts in the state.
- Of the \$2.8 billion performed in-region, the General Electric Company performed just over \$1.8 billion with the vast majority being performed in the aerospace industry.
- Nearly \$1 billion went to pensions and transfers in support of the 96,800 veterans and military retirees residing in-region.
- The remaining \$400 million in direct spending flowed to the region's federal civilians working at the Cincinnati VA Medical Center and the USACE as well as the handful of Guardsmen and reservists connected to the Blue Ash Air National Guard Station and Guard facilities.
- The \$4.2 billion in direct spending supported 58,600 jobs, \$6.7 billion in regional economic impact, and \$12.3 billion in gross output.
- This spending accounted for 5.7% of the region's economy and nearly 9% of all capital investment.

Region's Military & Federal Drivers



- The Southeast region is home to the Chillicothe VA Medical Center, Zanesville Air National Guard base, and the Camp Sherman Joint Training Center.
- The region is also home to nearly 71,500 veterans and military retirees.
- In 2020, the region received approximately \$1.2 billion in direct spending, of which 80% went to support the region's veterans and military retirees through pensions and transfer payments.
- The remaining \$260 million went toward operations at the Chillicothe VA Medical Center and local National Guard facilities.
- This spending supported 16,300 jobs, generated \$1.6 billion in regional economic impact and \$2.8 billion in gross output.
- This spending accounted for 3.2% of the region's economy

Military & Federal Employment as Share



Source: REMI PI+ v2.4.6 (build 5713)

Note: Federal employment includes all federal civilian workers regardless of federal agency. The federal agencies considered in the economic impact assessment were restricted to the Department of Defense, Coast Guard, Department of Veterans Affairs, and the National Aeronautical and Space Administration. All federal workers are included above as no historical data on individual federal departments are available at the state level.