

THE ECONOMIC IMPACT OF MILITARY SPENDING ON THE LOUISIANA ECONOMY

I. Introduction

More often than not they are hidden from general public view by well-guarded gates. Because of this, the public is unaware of their size and importance to the State's economy. They often employ huge numbers of Louisianians and thereby generate a large pool of earnings for the State's citizens. These facilities employ far more people than all the farms in the State. There are more people employed at these facilities than in Louisiana's large chemical industry and more than twice as many as work at Louisiana banks. Firms in the State enjoy significant infusions of cash as these facilities purchase vast quantities of supplies and services from them. They are Louisiana's **military installations**.

The most recent report that breaks out military employment by state is the CD-ROM issued by the Bureau of Economic Analysis (BEA) in the U.S. Department of Commerce. The most recent data in that report are for 1999. In that year, there were **42,395 military employees in Louisiana**. By way of reference there were 40,352 people working on farms in Louisiana in 1999.¹ The most recent data from the Louisiana Department of Labor documents 28,100 workers in the State's chemical industry and 28,300 employed in Louisiana banks.²

It is important to note that the 42,395 military employment figure includes only those people who work at the facilities that are actually **members of the armed services**. This figure does not include the **civilian employees** at the military facilities. This is a

¹ Regional Economics Information System, Bureau of Economic Analysis, U.S. Department of Commerce, CD-ROM, May 2001.

² Louisiana Labor Market Information, Louisiana Department of Labor, January 25, 2002.

significant additional number. For example, there are 5,034 civilian employees working at Fort Polk, and there are 1,105 civilian employees who work at Barksdale Air Force Base (AFB).

Outline of Report

The purpose of this report is to document the economic impact of these facilities on the State's economy. In the sections below, each facility will be evaluated separately. Section II will focus on the four largest units in the State...Fort Polk in Leesville, Barksdale AFB in Bossier City, the Naval Reserve Force operations and the Marine Corps Reserves, both located primarily in New Orleans. Section III will address the impact of the Louisiana Army and Air National Guard. Some of the smaller facilities such as the Human Resources Office in New Orleans, the Orleans Battalion ROTC, and the Shreveport Military Processing Station are covered in Section IV.

Section V examines a "non-traditional", but very large, military unit in Louisiana...the Army Corps of Engineers. Another manner in which military dollars are injected into the State's economy is via the large number of military retirees that have chosen Louisiana as their place of residence. Their influence is the topic of Section VI.

The next two sections examine two areas that are not a part of the Defense Department, but which are areas most still consider "military". Section VII covers the U.S. Coast Guard, a division of the U.S. Transportation Department. Section VIII addresses the importance of the Veteran's Administration units in the State.

The military significantly impacts the State's economy via key procurements it makes here. Two areas which are addressed in Section IX are shipbuilding and aircraft work. Finally, Section X contains a summary and conclusions.

Measuring Impacts: The I/O Table

To measure an installation's impact on the State's economy we want to measure both its direct and indirect (or multiplier) effects. Think of Louisiana as a large economic pond. Into this pond a rock will be dropped labeled say "Barksdale AFB". As we will illustrate below, this rock represents over \$354 million in spending injected into the State's economy. That rock is so large that it will make a sizeable splash in the pond. This is the "**direct**" impact of the Base.

However, once that rock hits the pond, it begins to send out ripples to the edge of the pond. For example, Base workers will take their new paychecks and spend those new monies at grocery stores, car dealerships, movie theaters, department stores, etc. This will create new earnings at these establishments, and those workers will spend their new earnings at other establishments in the State, etc., etc. The Base will spend money on supplies at area stores, creating new income for their owners and employees, who will take this new money and spend it at car dealerships, grocery stores, etc. This is the "**multiplier**" effect.

Fortunately, there is a handy tool available for measuring these multiplier effects...an **input/output (I/O) table**. An I/O table for Louisiana has been constructed by the Bureau of Economic Analysis (BEA) within the U.S. Department of Commerce. The BEA is the same governmental agency responsible for measuring the nation's gross domestic product each quarter.

This I/O table can be used to estimate three separate impacts of the Base's presence...the impact on (1) sales at firms in the State, (2) household earnings of citizens

of Louisiana, and (3) jobs in the State. These three effects will be estimated for all facilities covered in this report.

II. The Four Main Units

There are four very large military facilities in Louisiana...Fort Polk, Barksdale AFB, the Naval Reserve Force Operations, and the Marine Corps Reserves. We want to pay special attention to these four units, because they are perhaps the most vulnerable to closure under the Base Relocation and Closure (BRAC) discussions which the U.S. Senate recently voted to resume. (BRAC has recently been renamed EFI...Efficient Facilities Initiative.)

A. Fort Polk

Fort Polk is the largest military facility in the State. Located on nearly 200 acres in West-central Louisiana near Leesville, Fort Polk is the home of the Joint Readiness Training Center (JRTC). Building on the success of the National Training Center, which began training armored and mechanized forces in 1981, the Army recognized that light infantry needed similar unit training. Hence the formation of the JRTC. The Army integrates the Air Force and other military services into these exercises, making them highly realistic. Contingency and special operations soldiers, such as paratroopers, air assault soldiers, Special Forces, and Rangers, are trained at the JRTC.

Fort Polk: Recurring Impacts

In 2000, \$558 million in recurring spending was injected into the Louisiana economy via Fort Polk's budget. This figure does not include retiree pay (to be discussed in Section VI) or \$100 million in one-time construction spending, which we treat

separately below. This \$558 million in expenditures can be broken down as shown in Table 1.

As seen in Table 1, Fort Polk spent **\$328 million on payrolls** for its military and civilian employees. In 2000, Fort Polk provided direct employment for **13,847 employees**...8,823 military personnel and 5,034 civilians. From an employment standpoint alone, **Fort Polk is more than twice as large as the largest manufacturing firm in the State** which is Northrup Grumman Avondale Shipyard with about 6,600 employees. Another \$230 million was spent by the Base on supplies, contracts, utilities, and impact aid for schools.

Table 1

Fort Polk Expenditures: 2000

Expenditure Item	Amount (Millions of Dollars)
Military Pay	\$219
Civilian Pay	109
Contracts	107
Utilities	13
Supplies & Equipment	106
Impact Aid for Schools	4
Total	\$558

The numbers in Table 1 can be injected into the Louisiana I/O table to estimate the impact on Louisiana firm sales, household earnings, and jobs. Table 2 illustrates the impact on sales at Louisiana firms.

Table 2
Impact of Fort Polk on Louisiana Sales
(\$ Millions)

Category	Sales
Construction	\$142.6
Wholesale Trade	142.4
Real Estate	90.0
Health Services	77.1
Retail Trade	70.3
Business Services	45.7
Misc. Services	42.5
Utilities	38.0
Total	\$882.65

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

According to the I/O table Fort Polk generated nearly \$883 million in sales in Louisiana firms in 2000 that would vanish if the Base closed. Firms in the construction and wholesale trade sectors have been the largest beneficiaries, with over \$142 million in sales. These were be followed by firms in real estate (\$90 million), health services (\$77.1 million), and retail trade (\$70.3 million). Between \$38-\$46 million in sales were garnered by firms in business services (CPAs, attorneys, engineers, etc.), miscellaneous services, and utilities. Obviously, the impact on State firms has been both large and widespread.

Table 3
Louisiana Earnings Attributable to Fort Polk
(\$ Millions)

Category	Earnings
Salaries of Fort Polk Employees	\$328.0
Indirect Earnings Created by Fort Polk:	
Construction	52.71
Wholesale Trade	47.72
Health Services	37.99
Retail Trade	26.13
Business Services	19.55
Miscellaneous Services	17.25
Total Indirect Earnings Created	270.5
Total Direct and Indirect Earnings Created	\$598.5

See note to Table 2.

The sales created in Table 2 in turn created earnings for persons who own, and those who work for, those companies. Table 3 details the earnings impacts of Fort Polk's presence. According to the I/O table, **Fort Polk created \$598.5 million in earnings for households in Louisiana in 2000**. By way of reference, total personal income for residents of Beauregard Parish in 1999 was \$599.6 million. Of the \$598.5 million figure, \$328 million was paid directly to the military and civilian employees at the Base. However, through the multiplier effect, another \$270.5 million in household earnings were created for persons who did not work at the Base. Table 3 documents the top 6 industries in which these indirect earnings were earned.

Finally, Table 4 shows the job impacts of Fort Polk's presence in our State. According to the I/O table there were another 10,777 jobs created in the State in 2000 via the multiplier effect of Fort Polk's spending in 2000. When added to the 13,857 direct jobs at the Base, this results in **24,634 jobs in Louisiana that are supported by Fort Polk's on-going operations**. In October 2001, there were fewer people than that

employed in 46 of Louisiana's 64 parishes (**Louisiana Labor Market Information**, November 21, 2001). There is no other single firm in the State that comes near having that large an economic impact on the State.

Table 4
Employment Attributed to Fort Polk

Category	Jobs Created
Fort Polk Military Civilian Employees	5,034
Fort Polk Military Personnel	8,823
Indirect Jobs Created by Fort Polk:	
Construction	1743
Wholesale Trade	1670
Retail Trade	1429
Health Services	1125
Miscellaneous Services	979
Eating and Drinking Places	773
Business Services	639
Total Indirect Employment created by Fort Polk	10,777
Total Jobs Created	24,634

See note to Table 2.

Fort Polk: Construction Impacts

In addition to its regular recurring operations expenditures, there were capital expenditures that took place on the Base. The level of these expenditures varies by year, depending on capital needs of the Base and the ability of the Base to secure funding from Congress. In 2000, the Base spent \$100 million on capital projects, primarily on repairing old buildings and constructing a new one. This \$100 million in capital expenditures is treated as a one-time expenditure, and we estimate its impact separately from the Base's on-going operational expenditures.

Tables 5-7 detail the impacts of these construction expenditures on the Louisiana economy. Table 5 reveals that those expenditures **generated \$212.8 million in sales in Louisiana firms**. The biggest beneficiaries were naturally firms in the construction

sector with almost \$102 million in sales. Between \$10-\$16 million in sales were garnered by firms in the business services, retail trade, and real estate sectors.

Table 5
Impact of Fort Polk Construction Expenditures
on Sales at Louisiana Firms
(\$ Millions)

Category	Sales
Construction	\$101.8
Business Services	16.2
Retail Trades	10.9
Real estate	10.6
Health Services	8.6
Wholesale Trade	8.1
Fabricated Metal Products	8.0
Total	\$212.8

See note to Table 2.

Table 6
Louisiana Earnings Attributable
to Fort Polk Construction Spending
(\$ Millions)

Category	Earnings
Indirect Earnings Created by Fort Polk Construction:	
Construction	\$33.0
Business Services	7.4
Health Services	4.2
Retail Trade	4.0
Wholesale Trade	2.7
Fabricated Metal Products	2.0
Miscellaneous Services	1.8
Transportation	1.7
Total Indirect Earnings Created	\$66.3

See note to Table 2.

According to Table 6, Fort Polk's expenditure of \$100 million on construction in 2000 created **\$66.3 million in new household earnings for Louisianians**. About half of that figure went to persons working in the construction sector.

Finally, Table 7 shows the impact of Fort Polk's year 2000 capital budget on employment in the State. **That \$100 million capital budget produced a total of 2,414**

jobs for Louisiana citizens in 2000. Nearly half of those jobs were in the construction sector (1,107), but over 100 jobs apiece were supported in retail trade, business services, health services, and miscellaneous services.

Table 7
Employment Attributed to Fort Polk Construction

Category	Jobs Created
Indirect Earnings Created by Fort Polk:	
Construction	1,107
Retail Trade	258
Business Services	211
Health Services	125
Miscellaneous Services	100
Eating and Drinking Places	90
Wholesale Trade	81
Total Jobs Created	2,414

See note to Table 2.

Fort Polk: Impact on State Tax Collections

It is possible from the data generated in the tables above to estimate the impact of Fort Polk's activities in 2000 on State tax collections. We learned from Table 3 that the Base's ongoing operations generated \$598.5 million in earnings for Louisiana households, and Table 6 revealed that the Base's construction activities created another \$66.3 million in earnings for our citizens.

That is a total amount of \$664.8 million in new household earnings associated with the Base's presence that year. Officials in the Legislative Fiscal office have estimated that the State collects about 5.6 cents in new revenues...in the form of income taxes, sales taxes, license fees, etc...for every \$1 of new earnings generated in the State. **That means Fort Polk's presence in 2000 pumped approximately \$37,228,000 into the State treasury in 2000.** (Reference point: In FY 2000 Louisiana collected \$36 million from its beer tax.) Note that this amount does not include any direct taxes that

the Base might have paid to the State. That was clearly a nice injection into the State's budget.

B. Barksdale AFB

Barksdale AFB is the second largest military facility in Louisiana. Located in Bossier Parish in Northwestern Louisiana, Barksdale is an Air Combat Command base and the location of the Eighth Air Force. The Eighth Air Force is one of three active-duty numbered air forces in the Air Combat Command.

One indicator of the size of Barksdale is employment. **There are 6,929 military and 1,105 civilian employees for a total of 8,034 workers at the base.** These people were paid \$242.7 million in compensation in FY2000, a substantial sum of money injected into the Louisiana economy. In addition to salaries, the base spent almost \$80 million on materials, equipment, contract services, and supplies. Over the 1996-99 period, the base averaged \$31.7 million in construction or capital spending.

Barksdale: Recurring Impacts

In this section, we estimate the impact on the Louisiana economy of the recurring expenditures, i.e., the base's operating budget. This includes the \$242.7 million in salaries and the \$80 million spent on materials, supplies, etc. Table 8 shows the I/O table estimates of the base's annual operations on sales at firms in Louisiana.

According to the I/O table, **Barksdale's annual operating budget generated \$454.2 million in sales at Louisiana firms in 2000.** Firms in the construction industry were the largest beneficiaries with nearly \$62 million in sales, followed by real estate firms (\$55.6 million), firms in health services (\$49 million), wholesale trade (\$45.2

million) and retail trade (\$43.1 million). Clearly, Louisiana businesses enjoyed a substantial benefit from the presence of the base in the State.

Table 8
Impact of Barksdale Air Force Base
On Sales at Louisiana Firms
(\$ Millions)

Category	Sales
Construction	\$61.7
Real Estate	55.6
Health Services	49.0
Wholesale Trade	45.2
Retail Trade	43.1
Miscellaneous Services	27.1
Business Services	22.4
Total	\$454.2

See note to Table 2.

These new sales then generated earnings for Louisiana residents. Table 9 documents the impact of the base's on-going operations on household earnings in Louisiana. I/O table estimates are that **Louisianians derived a total of \$380.6 million in household earnings from the presence of the base in 2000.** By way of reference, the total personal income of persons living in Sabine Parish in 1999 was \$396.6 million. Of the base's total earnings generated, \$242.7 million was the direct salaries paid to those who work at the base. In addition to those monies, another \$137.9 million was generated through the multiplier effect. Over \$20 million a year in earnings was supported in each of two sectors through the multiplier effect...health services and construction. Between \$10-\$16 million was generated in the following sectors according to data in Table 9: retail trade, wholesale trade, business services, and miscellaneous services. Clearly, a lot of citizens and a lot of different industries gained because this base is located in Louisiana.

Table 9
Louisiana Earnings Attributable to
Barksdale Air Force Base
(\$ Millions)

Category	Earnings
Salaries of Barksdale Employees	\$242.7
Indirect Earnings Created by Barksdale:	
Health Services	24.2
Construction	22.8
Retail Trade	16.0
Wholesale Trade	15.2
Business Services	10.4
Miscellaneous Services	10.1
Total Indirect Earnings Created	\$137.9
Total Direct and Indirect Earnings Created	\$380.6

See note to Table 2.

Finally, Barksdale's presence creates jobs in the State economy. These jobs are documented in Table 10.

Table 10
Employment Attributed to Barksdale
Air Force Base

Category	Jobs Created
Barksdale Civilian Employees	1,105
Barksdale Military Personnel	6,929
Indirect Jobs Created by Barksdale:	
Retail Trade	986
Construction	749
Health Services	689
Miscellaneous Services	554
Eating and Drinking Places	464
Business Services	308
Total Indirect Jobs Created	5,270
Total Jobs Created	13,304

See note to Table 2.

According to I/O estimates, **Barksdale AFB generated 13,304 jobs in the Louisiana economy in 2000 via its operational budget.** By way of reference, in October 2001 this number was greater than employment in 34 of Louisiana's 64 parishes (**Louisiana Labor Market Information**, Louisiana Department of Labor, November

21, 2001, pp. 10-11). This figure is slightly larger than employment in Iberville Parish (12,190).

Note in Table 10 that of these 13,304 jobs, 8,034 were at the base. The remaining 5,270 jobs were created at other firms in the State via the multiplier effect. According to the data in Table 10, nearly a thousand of these indirect jobs were created in the retail trade sector. Large job benefits were also garnered in the construction sector (749), health services (689), miscellaneous services (554), eating/drinking establishments (464), and business services (308). Many Louisianians in several different sectors can trace their jobs directly back to Barksdale ADB.

Barksdale: Construction Impacts

In addition to its regular operating budget, Barksdale AFB injected money into the Louisiana economy via its construction or capital budget. As seen in Table 11, this capital budget fluctuated in size, ranging from a low of \$9.8 million in 1999 to a high of \$57.7 million in 1997. The average over this 4-year period was \$31.7 million. We plugged this average figure into the I/O table to determine the impacts of the base's capital budget on the economy.

Table 11
Barksdale Construction
Expenditures by Year
(\$ Millions)

Year	Construction Expenditure
1996	\$31.4
1997	57.7
1998	28.1
1999	9.8
Average	\$31.7

Table 12 provides the I/O estimates of the base's construction expenditures on sales at Louisiana firms. **Nearly \$68 million in sales were generated at Louisiana**

firms by Barksdale's capital spending. Naturally, the construction firms in the State were the biggest gainers, with \$32.3 million in sales. As seen in Table 12, six other sectors of the economy picked up sales in excess of \$2.5 million a year due to these expenditures.

Table 12
Impact of Barksdale AFB Construction
Spending on Sales at Louisiana Firms
(\$ Millions, average year)

Category	Sales
Construction	\$32.3
Business Services	5.1
Retail Trade	3.4
Real Estate	3.4
Health Services	2.7
Wholesale Trade	2.6
Fabricated Metal Products	2.5
Total	\$67.6

See note to Table 2.

According to Table 13, base construction spending supported \$21 million in new household earnings for Louisianians, most of which went to workers in the construction industry. Table 14 illustrates the jobs produced by base construction activities. On the average, base construction spending supported 767 jobs for the State's citizens

Table 13
Louisiana Earnings Due to
Barksdale AFB Construction Spending
(\$ Millions, average year)

Category	Earnings
Indirect Earnings Created by Barksdale:	
Construction	\$10.5
Business Services	2.4
Health Services	1.3
Retail Trade	1.3
Wholesale Trade	0.9
Total Indirect Earnings Created	\$21.0

See note to Table 2.

Table 14
Employment Due to Barksdale
AFB Construction Spending
(Average Year)

Category	Jobs Created
Indirect Jobs Created by Barksdale Construction:	
Construction	352
Retail Trade	82
Business Services	67
Health Services	40
Miscellaneous Services	32
Eating and Drinking Places	29
Wholesale Trade	26
Total Indirect Jobs Created	767

See note to Table 2.

Barksdale: Impact on State Tax Collections

Our analysis above indicates that Barksdale AFB created \$380.6 million in earnings in the State via its operating budget (Table 9) and another \$21 million a year on the average by way of its capital spending (Table 13). That is a total of \$401.6 million in new earnings for Louisiana citizens due to the base's presence in our state. We also indicated earlier that officials in the Legislative Fiscal Office estimate the state treasury

collects 5.6 cents for every dollar of new earnings generated in the State. That means **Barksdale AFB spending produced about \$22,490,000 ($\$401.6 \times .056$) for the State treasury in 2000.** By way of reference, In FY 2000, the State collected \$25.2 million from its alcoholic beverage tax, gift tax, and hazardous waste tax combined.

C. Naval Reserve Force – New Orleans

The mission of the Naval Reserve Force is to provide mission-capable units and individuals to the Navy, Marine Corps Team. A Vice Admiral commands the Naval Reserve Force with headquarters in New Orleans. The commander is supported by two flag officers who manage the Naval Surface Reserve Force and the Naval Air Reserve Force.

There are seven facilities in the New Orleans unit: (1) Commander, Naval Reserve Force Headquarters; (2) the Naval Air Station Joint Reserve Base; (3) Naval Support Activity New Orleans; (4) the Naval/Marine Corps Reserve Center Baton Rouge; (5) the Naval/Marine Corps Reserve Center Shreveport; (6) the Naval Reserve Center New Orleans; and (7) the Information Technology Center in New Orleans. Employment at each facility is allocated as follows:

Table 15
Naval Reserve Force Employment: 2000

Activity	Civilian	Military	Total
CNRF Headquarters	432	606	1,038
NAS JRB New Orleans	225	736	961
NSA New Orleans	160	41	201
NMCRC Baton Rouge	0	6	6
NMCRC Shreveport	0	8	8
NRC New Orleans	0	12	12
ITC New Orleans	350	25	375
TOTAL	1,167	1,434	2,601

As seen in Table 15, the Naval Reserve Force (NRF) employed 1,167 civilian employees and 1,434 military employees in 2000 at its various facilities for a total of **2,601 direct jobs** in the Louisiana economy. By way of reference, if this unit were in the State's manufacturing sector, it would be the fifth largest employer in Louisiana. This NRF employment figure does not include over 3,500 military reservists associated with the NRF. **The budget of these combined units in 2000 was over \$281 million...**a sizeable chunk of spending dropped into the Louisiana economy.

Naval Reserve Force: Recurring Impacts

In this section we use the I/O table to estimate the impact on the Louisiana economy of the 2,601 jobs and the \$281 million in spending that took place at the Naval Reserve Force (NRF) in 2000. Table 16 illustrates the impact of NRF activity on sales at Louisiana firms. According to the I/O table, the NRF **generated nearly one-half a billion dollars in sales at Louisiana firms**. Firms in the wholesale trade sector enjoyed the greatest boost in sales (\$137.8 million), followed by the transportation sector (\$83.6 million), the construction industry (\$50.1 million), and real estate firms (\$32 million). Between \$21 - \$25 million in additional sales were directed to firms in health services, retail trade, and business services.

Table 16
Impact of Naval Reserve Operations
On Sales At Louisiana Firms
(\$ Millions)

Category	Sales
Wholesale Trade	\$137.8
Transportation	83.6
Construction	50.1
Real Estate	32.0
Health Services	25.3
Retail Trade	23.8
Business Services	21.0
Total Sales Created by Naval Reserve Operations	\$499.7

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 17 shows how these additional sales produced new income for Louisiana citizens. I/O table estimates indicate **the NRF produced \$194.2 million in new household earnings in the State in 2000**. Of this amount, \$45 million represented direct payrolls at the seven NRF facilities. The remaining \$149.2 million was paid to workers at other firms in the State via the multiplier effect. Workers in the wholesale

trade sector were the primary beneficiaries of this largess with over \$46 million in earnings associated with the presence of the NRF.

Table 17
Louisiana Earnings Attributable to
Naval Reserve Operations
(\$ Millions)

Category	Earnings
Total Salaries of Naval Reserve Employees	\$45.0
Indirect Earnings created:	
Wholesale Trade	46.2
Transportation	19.7
Construction	18.5
Health Services	12.5
Business Services	9.6
Retail Trade	8.9
Total Indirect Earnings	\$149.2
Total Earnings Created	\$194.2

Note: This table is based on the Bureau of Economic Analysis' RIMS II Tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 18 reveals the impact of NRF activities on employment in Louisiana. I/O table results suggest the **NRF supported 7,920 jobs in the State in 2000**. Of this total, 2,601 were direct jobs at the various NRF units, while the remaining 5,319 jobs were created via the multiplier effect. Nearly 1,400 jobs were created in the wholesale trade area. Other big job gainers were: construction (613); retail trade (567); transportation (522); health services (369); and business services (329).

Table 18
Louisiana Employment Attributable to the
Naval Reserve Force

Category	Jobs Created
Direct Employment	2,601
Indirect Employment Created:	
Wholesale Trade	1,383
Construction	613
Retail Trade	567
Transportation	522
Health Services	369
Business Services	320
Total Indirect Employment created	5,319
Total Jobs Created	7,920

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Naval Reserve Force: Construction Impacts

There was one major capital expenditure under the NRF in 2000. There were \$21,087,000 in expenditures made at the Space and Naval Warfare Information Technology Center (SNWITC). This money was used to build the Information Technology facility, the Navy Integrated Personnel System, the Systems Management Center, and three smaller units.

Table 19
Impact of Naval Reserve Operations
Space and Naval Warfare Information Technology Center
Capital Spending On Sales at Louisiana Firms

Category	Sales
Construction	\$21,460,240
Health Services	\$4,527,379
Real Estate	\$2,334,331
Retail Trade	\$2,273,179
Health Services	\$1,866,200
Wholesale Trade	\$1,537,242
Miscellaneous Services	\$1,161,894
Transportation	\$1,031,154
Total Sales Created by NRF Capital Spending	\$45,168,354

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 19 documents the I/O table estimates of the impact of this capital spending on sales at Louisiana firms. The major beneficiary of this spending was the construction sector, as one would expect. Firms in the construction sector experienced a jump in sales of almost \$21.5 million, while companies in the health services area picked up sales increases of over \$.5 million. In excess of \$2 million in sales were enjoyed by firms in the real estate and retail trade sectors. According to the I/O table, Louisiana **firms added over \$45 million in sales in 2000 due to the capital spending at the SNWITC.**

Table 20 shows the impact of these capital projects by the SNWITC on household earnings of Louisiana citizens. Clearly, these projects were important to the pocketbooks of Louisiana citizens, generating **nearly \$14.5 million in new household earnings for our citizens.**

Table 20
Louisiana Earnings Attributable to
Space and Naval Warfare Information Technology Center
Capital Spending

Category	Earnings
Construction	\$7,129,515
Business Services	\$2,053,874
Health Services	\$919,393
Retail Trade	\$845,589
Wholesale Trade	\$514,523
Total Earnings Created	\$14,463,573

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, Table 21 reveals the impact of the capital spending at the SNWITC on jobs in the State. Some 520 jobs were created in Louisiana via the capital spending program of the SNWITC in 2000. Nearly half of those jobs were construction, as one might expect. However, in excess of 50 jobs apiece were created in business services and retail trade.

Table 21
Louisiana Employment Attributed to the
Space and Naval Warfare Information Technology Center
Capital Spending

Category	Jobs Created
Construction	233
Business Services	58
Retail Trade	54
Health Services	27
Miscellaneous Services	23
Eating and Drinking Places	20
Total Jobs Created	520

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Naval Reserve Force: Impact on State Tax Collections

Back in Tables 17 and 20 we estimated that the NRF generated a total of \$209.6 million in new Louisiana income in 2000 via its on-going operations and capital spending. Using Legislative Fiscal Office estimates that every new dollar of earnings generates \$0.056 in new State tax collections, we estimate that NRF activities in Louisiana resulted in **\$11,737,000 in new tax collections for Louisiana State government in 2000.**

D. Marine Forces Reserve

The Marine Forces Reserve, located in New Orleans, is the headquarters command for approximately 100,000 members of the Marine Corps Reserve, including 289 units at 185 sites throughout the U.S. and Puerto Rico. The Marine Reserve Force staff provides policy, guidance, direction, and support to the entire Reserve force. Three subordinate commands are collocated with the Force Headquarters in New Orleans: the 4th Marine Division, the 4th Marine Aircraft Wing, and the 4th Force Service Support Group. Several other Marine Reserve units are located in communities in Louisiana, including Baton Rouge, Belle Chase, Bossier City, and Broussard.

Marine Forces Reserve-On-Going Impacts

In 2000, there were 1,800 active military personnel and 1,000 reserves serving in the Marine Forces Reserve (MFR) in Louisiana. There were another 40 civilian employees and 18 contracted workers. The operating budget for the MFR in that year was \$81,795,000, and of that figure \$72.8 million was in the form of wages and salaries...a significant injection of earning power into the State's economy.

Table 22
Impact of Marine Force Reserve
on Sales at Louisiana Firms
(Millions)

Category	Sales
Real Estate	\$14.7
Health Services	13.1
Retail Trade	10.9
Wholesale Trade	9.2
Miscellaneous Services	6.8
Business Services	4.9
Eating and Drinking Places	4.7
Utilities	4.6
Finance	4.4
Total Louisiana Sales Created by Marine Reserve	\$195.9

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 22 illustrates the impact of the MFR operating budget on sales at Louisiana firms. According to the I/O table, **MFR operations generated \$195.9 million in firms in the State in 2000**. Firms in the real estate sector benefited the most from the presence of the MFR with nearly \$15 million in sales, followed by health services (\$13.1 million) and retail trade (\$10.9 million).

All those sales shown in Table 22 produced income for Louisiana citizens. I/O table estimates of the household earnings impacts of the MFR in 2000 are shown in Table 23. In addition to the \$72.8 million in direct earnings paid by the MFR to its employees another \$29.2 million was created through the multiplier effect. Employees in health services firms benefited the most, with \$6.5 million in new earnings, followed by workers in retail trade (\$4.1 million) and wholesale trade (\$3.1 million). In total, the I/O table estimates that in 2000, **MFR operations generated \$102 million in household earnings for Louisiana citizens**.

Table 23
Louisiana Earnings Attributable to
Marine Force Reserve Operations
(millions)

Category	Earnings
Total Salaries of Marine Reserve Employees	\$72.8
Indirect Earnings created:	
Health Services	6.5
Retail Trade	4.1
Wholesale Trade	3.1
Miscellaneous Services	2.5
Business Services	2.3
Eating and Drinking Places	1.5
Transportation	1.2
Finance	1.2
Construction	1.0
Total Indirect Earnings	29.2
Total Earnings Created	\$102.0

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, Table 24 contains I/O table estimates of the impact of MFR operations on jobs in the State. According to that table, the **MFR created 3,132 jobs in Louisiana in 2000**. This is obviously a significant number. By way of reference, Louisiana's third-largest employer in its manufacturing sector, ConAgra Poultry Company, employs 2,700. The retail trade sector was the largest beneficiary of these new jobs at 260. Over 100 jobs each were created in health services (192), miscellaneous services (143), and eating/drinking places (128).

Table 24
Louisiana Employment Attributed to the
Marine Forces Reserve in 2000

Category	Jobs Created
Direct Employment	1,858
Indirect Employment Created:	
Retail Trade	260
Health Services	192
Miscellaneous Services	143
Eating and Drinking Places	128
Wholesale Trade	92
Business Services	75
Total Indirect Employment created	1,274
Total Jobs Created	3,132

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Marine Forces Reserves – Capital Spending Effects

The MFR had relatively small capital expenditures in 2000 (only \$704,000), so these impacts were included in the operating budget numbers above.

Marine Forces Reserve: Impact on State Tax Collections

In Table 23 we estimated that the Marine forces Reserve generated \$102 million in earnings in the Louisiana economy in 2000. Given the Legislative Fiscal Office estimate that for every new dollar of earnings the State collects 5.6 cents in additional revenues, this means **the presence of the Marine Force Reserve generated \$5,712,000 for the Louisiana state treasury in 2000.**

III. The Louisiana Army & Air National Guard

Another very significant military presence in the State is the Louisiana Army and Air National Guard. There are 33 civilian and 1,942 full-time military employees of the Guard in Louisiana and another 12,400 citizen soldiers.

The Army National Guard has facilities located in 69 cities in 43 parishes statewide, including the Office of Emergency Preparedness and two Youth Challenge Programs and a STARBASE Program. The latter two programs focus on training and education of at-risk youths and enhancement of math and science for 5th and 6th graders. The Army National Guard has 1,203 buildings and 44,600 acres of land. Five major installations support Army National Guard training. They are located at Camp Beauregard in Pineville, Camp Cook at Ball, Esler Field at Pineville, Camp Minden at Doyline, and Camp Villere in Slidell. Headquarters is located at Jackson Barracks in New Orleans.

The Air National Guard facilities include headquarters at Jackson Barracks, the Engineering Installation unit at the Belle Chase Navy Air Station, the Combat Communications unit armory in Hammond, the Air Support Operations unit in Pineville, and the Air Traffic Control unit armory in Alexandria.

The operating budget for the Louisiana Army National Guard in FY2000 was \$123,072,900, 69% of which was salaries. For the Air National Guard the operating budget in that fiscal year was \$53,115,300. Salaries were 60% of that figure. In total, **the Louisiana National Guard pumped \$176,188,200 into the Louisiana economy in FY2000.**

Louisiana National Guard: Recurring Impacts

Table 25 shows the economic impact of the Guard's operating budget on sales at Louisiana firms. According to the I/O table, **the presence of the Guard generated \$261.5 million in sales at Louisiana firms in 2000.** Because about two-thirds of the Guard budget was in salaries, firms in the wholesale trade (\$61.5 million) and real estate

sectors (\$29.4 million) were the largest beneficiaries of this injection of monies. In excess of \$20 million in sales were supported in health services (\$25.2 million) and retail trade (\$21.5 million) as well.

Clearly, these new sales resulted in additional earnings for Louisiana citizens. These earnings estimates are provided in Table 26. **Household earnings totaling \$195.9 million could be traced back to the activities of the Guard in the State in 2000.** Of these earnings, \$118.2 million was paid directly to Guard employees who live in the State, but another \$77.7 million was created in other sectors of the economy via the multiplier effect. These indirect earnings were pretty widely dispersed across the various sectors of the economy, with employees in wholesale trade (\$20.6 million) and health services (\$12.4 million) being the biggest gainers.

Table 25
Impact of Louisiana National Guard
on Sales at Louisiana Firms
(\$Millions)

Category	Sales
Wholesale Trade	\$61.5
Real Estate	29.4
Health Services	25.2
Retail Trade	21.5
Utilities	15.5
Miscellaneous Services	13.5
Business Services	12.1
Construction	11.7
Total Sales Created by Louisiana National Guard	\$261.5

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 26
Louisiana Earnings Attributable to
Louisiana National Guard
(\$ Millions)

Category	Earnings
Total Salaries of National Guard Employees	\$118.2
Indirect Earnings created:	
Wholesale Trade	20.6
Health Services	12.4
Retail Trade	8.0
Business Services	5.6
Miscellaneous Services	5.0
Construction	4.3
Eating and Drinking Places	2.9
Transportation	2.7
Total Indirect Earnings	77.7
Total Earnings Created	\$195.9

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 27
Louisiana Employment Attributed to the
Louisiana National Guard

Category	Jobs Created
Direct Employment	1,975
Indirect Employment Created:	
Wholesale Trade	623
Retail Trade	542
Health Services	391
Miscellaneous Services	298
Eating and Drinking Places	268
Business Services	196
Construction	146
Total Indirect Employment created	3,258
Total Jobs Created	5,233

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, Table 27 shows the impact of the Guard on employment in the State. As mentioned earlier, there were 1,975 full-time employees working for the Guard in Louisiana in 2000. By way of reference, Louisiana's 7th largest manufacturing employer...Dow Chemicals...employed 2,000 people in 2001 (**2002 Louisiana Directory of Manufactures**, page 22). According to the I/O table another 3,258 jobs in Louisiana can be traced to the Guard's spending via the multiplier effect. Thus, **a total of 5,233 jobs in Louisiana were supported by the presence of the Louisiana Army and Air National Guard.** Of the 3,258 indirect jobs created, about one-third occurred in two sectors of the State's economy...wholesale trade (623) and retail trade (542).

Louisiana National Guard: Construction Impacts

The capital budget for the Guard in FY2000 was only \$6.9 million. Because this is a relatively small number, it was included in the operating budget estimates shown in Tables 25-27.

Louisiana National Guard: Impact on State Tax Collections

In Table 26 above, we provided I/O table estimates that the presence of the Guard in Louisiana created \$195.9 million in additional household earnings for Louisiana citizens. As mentioned earlier in this report, the Legislative Fiscal Office estimates that the State collects about 5.6 cents in revenues for every new dollar of income generated in the State. **That means the presence of the Guard boosted Louisiana's State tax collections by \$10,970,400 (0.056 times \$195.9 million) in FY2000.**

IV. The Three Smaller Units

In addition to the three larger units described above, there are three smaller military facilities that also produce sales, earnings, and jobs in Louisiana. This section analyzes the impact of the Orleans Battalion ROTC, the New Orleans Human Resources Office, and the Shreveport Military Entrance Processing Station.

Smaller Units: Expenditures Breakdown

The Orleans Battalion ROTC employs 10 military and 2 civilian employees and spent \$533,000 in Louisiana in 2000. The great majority of this unit's expenditures (\$465,000) were for salaries. This unit's expenditures are detailed in Table 28.

Table 28
Orleans Battalion ROTC Expenditures

Item	Expenditure
Salaries	\$465,000
Materials	\$30,000
Utilities	\$8,000
Capital Expenditures	\$30,000
Total	\$533,000

The Human Resources Office in New Orleans employs a workforce of 21 civilian workers. Its 2000 budget, summarized in Table 29, included over \$1.3 million in spending. To focus only on Louisiana spending, we subtract \$41,686 in out of state spending to compute the indirect impact of the HR Office spending.

Table 29
N.O. Human Resource Office Expenditures

Item	Expenditure
Salaries	\$1,268,410
Materials	\$30,160
Training	\$5,785
Furniture	\$19,042
Telephone Costs	\$8,084
Travel	\$16,160
Other	\$10,298
Total	\$1,357,939

The Shreveport Military Entrance Processing Station (MEPS) employed three officers, twelve enlisted men, and sixteen civilian personnel. For the fiscal year 2000, the MEPS payroll was \$601,264. Overall the station injected over \$2 million dollars into the State economy. Table 30 breaks the spending into its components. The station also spent \$316,923 on meals, \$465,881 on transportation, and \$375,308 on building rent and facility services.

Table 30
Military Entrance Processing Station Expenditures

Category	Expenditure
Payroll	\$601,264
Buildings/Maintenance	375,308
Physicians	80,401
Medical	75,100
Utilities	3,400
Testing	96,155
Meals	316,923
Transport	465,881
Other	68,255
Total	\$2,082,687

Impacts of Smaller Facilities

Table 31 summarizes the impacts of these three facilities on sales at Louisiana firms. The results show that **Louisiana businesses benefited by almost \$6 million in sales due to the presence of these three facilities.**

Table 31
Total Sales Created at Louisiana Firms

Facility	Sales Created
Orleans Battalion ROTC	\$708,622
Human Resources Office-N.O.	\$1,628,137
Shreveport Military Entrance	\$3,560,650
Total	\$5,897,409

The total earnings and job impacts of the three facilities impacts can be computed by adding the direct and indirect effects. Tables 32 and 33 summarize these results. As seen in Table 31, the three facilities employ a total of 64 workers. Through the multiplier effect another 74 jobs were created in Louisiana for a total job impact of 138 positions.

Table 32
Total Jobs Created by Smaller Units

	Direct Employment	Indirect Employment	Total Jobs Created
Orleans Battalion ROTC	12	9	21
Human Resources Office-N.O.	21	21	42
Shreveport Military Entrance	31	44	75
Total	64	74	138

Table 33 summarizes the impact of these three units on household earnings in Louisiana. Direct payrolls at these facilities slightly exceeded \$2.3 million. Another \$1.7

million of earnings were created through the multiplier effect. Thus, we estimate that the presence of these three facilities boosted household earnings in the State by just over \$4 million in 2000.

Table 33
Total Earnings Created by The Smaller Units

	Salaries	Indirect Earnings	Total
Orleans Battalion ROTC	\$465,000	\$208,711	\$673,711
Human Resources Office-N.O.	\$1,268,410	\$475,921	\$1,744,331
Shreveport Military Entrance	\$601,264	\$1,025,514	\$1,626,778
Total	\$2,334,674	\$1,710,146	\$4,044,820

Smaller Units: Impacts on State Tax Collections

Using the data in Table 33, we can estimate what these three units meant to the State treasury. As mentioned above, it has been estimated that every dollar of new household earnings in the State produces 5.6 cents in new revenues for the State government coffers. If that is the case, **these three units produced about \$226,510 in additional revenues for Louisiana State government in 2000.**

V. Non-Traditional Military: The Army Corps of Engineers

When one thinks of military operations, thoughts usually turn to military bases such as Barksdale or Fort Polk, recruiting offices, ROTC units, etc. People rarely think of the Army Corps of Engineers (ACE). In Louisiana this would be a significant oversight, since the ACE operations inject huge sums of money into the State economy.

The New Orleans District of the ACE administers programs in a 30,000 square mile area of central and coastal Louisiana. This unit maintains 2,800 miles of navigable

waterways and manages the largest maintenance/dredging program in the Corps. It also operates and maintains 12 locks, six flood control structures, and extensive revetment work. The New Orleans office maintains 960 miles of levees and floodwalls along rivers and floodways, just to list a few of its responsibilities.

In FY 2000, **the New Orleans office spent \$439,367,000 on these obligations.** The nature of the ACE operations makes it very difficult to determine, in a precise way, how many people work directly for the ACE, since a significant portion of its work is contracted out. Too, the nature of the ACE activities is such that it is impossible to separate out what is operating budget and which capital budget. Consequently, we treat the \$439 million budget as a recurring figure.

Army Corps of Engineers: Impact on Sales, Earnings, & Jobs

By plugging the ACE budget into the I/O table, we can estimate the impact of this large budget on sales at Louisiana firms, earnings for our citizens, and jobs for Louisianians. Table 34 shows the estimates for the impacts on sales at Louisiana firms.

Table 34
Louisiana Sales Created by
the Army Corp of Engineers
(\$ Millions)

Category	Sales Created
Construction	\$373.4
Business Services	150.0
Real Estate	50.3
Retail Trade	47.5
Health Services	39.6
Wholesale Trade	30.8
Total	\$915.1

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Clearly, the ACE had a massive positive impact on firm sales in Louisiana in 2000. According to the I/O table, **nearly a billion dollars (\$915.1 million) in sales accrued to Louisiana firms due to the expenditures of the ACE in the State in 2000.** Given the nature of the Corps' activities, it should be no surprise that firms in the construction sector were the largest beneficiaries of this largess, gaining \$373.4 million in sales. The business services sector, which contains engineering firms among others, was the second largest sales gainer at \$150 million. Others sectors attracting significant sales were real estate (\$50.3 million), retail trade (\$47.5 million), health services (\$39.6 million), and wholesale trade (\$30.8 million).

Table 35
Louisiana Earnings Created by
the Army Corp of Engineers
(\$ Millions)

Category	Earnings Created
Construction	\$131.1
Business Services	68.7
Health Services	19.5
Retail Trade	17.7
Wholesale Trade	10.3
Miscellaneous Services	8.7
Transportation	7.4
Total	\$307.3

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

All those sales listed in Table 34 eventually led to more earnings for Louisiana citizens. These earnings impacts are detailed in Table 35 above. **Louisiana citizens enjoyed a \$307.3 million boost to their household earnings in 2000 due to the presence of the ACE in the State.** Just over a third of those earnings accrued to individuals working in the construction sector (\$131.1 million), with employees in the

business services sector winning the second place slot with over \$68 million in new earnings. Significant gains also occurred in health services (\$19.5 million), retail trade (\$17.7 million), wholesales trade (\$10.3 million), miscellaneous services (\$8.6 million), and transportation (\$7.4 million).

When an industry injects over \$439 million into a state's economy, it should be no surprise that many jobs will blossom in that state as a result. I/O table estimates for the ACE support that thesis as seen in Table 36. **ACE activities in 2000 supported an estimated 10,860 jobs in Louisiana.** Nearly half of those jobs (4,305) were in the construction industry. Two other very large recipients were the business services sector (1,852 jobs) and retail trade (1,129 jobs).

Table 36
Louisiana Jobs Created by the
Army Corps of Engineers

Sector	Jobs Created
Construction	4,305
Business Services	1,852
Retail Trade	1,129
Health Services	579
Miscellaneous Services	483
Eating and Drinking Places	415
Wholesale Trade	309
Transportation	242
Total	10,860

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Army Corps of Engineers: Impact on State Tax Collections

In Table 35, we showed estimates that the ACE had generated \$307.3 million in new household earnings for Louisiana citizens in 2000. As pointed out earlier in this report, the State collects about 5.6 cents in revenues for every \$1 in new earnings

generated in the State. Thus, we estimate that the ACE was responsible for generating about \$17,209,000 (\$307.3 million X .056) in additional revenues for the State in 2000.

VI. Non-Traditional Military: Retirees' Monies

Another area in which the military impacts the economy, which may have escaped notice by most, is military retirement pay. The Department of Defense (DOD) keeps rather detailed records on the location of military retirees and the amount of retirement pay they receive.

Military Retirees in Louisiana

This information is documented in a publication entitled **DOD Statistical Report on the Military Retirement System for Fiscal 2000**. Table 37 provides military retirement data for retirees in Louisiana.

Table 37
Number of Military Retirees and Annual Retirement Pay: Louisiana

Type of Retiree	Number	Retirement Pay
Officer	5,369	\$139,584,000
Disabled Officer	375	7,860,000
Enlisted	18,136	249,516,000
Disabled Enlisted	2,823	9,804,000
Total	26,704	\$406,776,000

Note: Numbers may not sum exactly due to rounding.

According to the DOD publication there are **26,704 military retirees** living in Louisiana. By way of reference, that is about equal to the entire population of a parish such as Plaquemines or DeSoto. These retirees brought **\$406,776,000 in income** to the Louisiana economy when they located here. The financial benefit of achieving officer rank is vividly illustrated in Table 37. On the average, an officer retires with an annual

income of nearly \$26,000 a year; the comparable figure for an enlisted person is only \$13,758.

An issue of no small concern to economic development officials is what would happen to the number of military retirees in Louisiana (and that retirement income) should the State lose one of its large military facilities under the Efficient Facilities Initiative (EFI)? There is evidence that retirees do tend to locate near the State's larger military facilities. In the publication referenced above, the DOD indicates where Louisiana's 26,704 military retirees live by zip code. In Table 38 we show the distribution of military retirees across that State as compared to the distribution of the general population.

Table 38
Distribution of Military Retirees and General Population

Region	% Military Retirees	% General Population
New Orleans	26.5%	27.6%
Houma	2.8%	7.4%
Lafayette	7.6%	13.4%
Lake Charles	3.3%	6.3%
Baton Rouge	8.8%	18.4%
<i>Alexandria</i>	<i>19.1%</i>	<i>7.0%</i>
Monroe	6.2%	7.1%
<i>Shreveport</i>	<i>26.2%</i>	<i>12.7%</i>

Note that the two areas that house Louisiana's two largest military bases...Shreveport (Barksdale) and Alexandria (Fort Polk)...contain more than twice the percentage of military retirees as their share of the general population. Thus, one would expect if either of these two facilities fall to the EFI axe, Louisiana would lose a substantial number of these retirees and their retirement checks. The impact of those retirement checks on the Louisiana economy are detailed in the next section.

Impact of Military Retirement Pay on the Louisiana Economy

When these military retirees spend their earnings in the State, that will obviously create new sales in Louisiana firms. Table 39 presents I/O table estimates of these sales impacts.

Table 39
Impact of Retiree Pay on Sales
At Louisiana Firms
(\$ Millions)

Category	Sales Created
Real Estate	\$78.7
Health Services	71.0
Retail Trade	58.7
Miscellaneous Services	36.5
Eating and Drinking Places	25.1
Wholesale Trade	24.7
Business Services	24.6
Financial Institutions	23.4
Total Sales Created	\$498.5

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Louisiana firms attract nearly one-half of a billion dollars in sales each year due to military retiree spending in the State. Table 39 indicates how these sales were distributed across the top eight sectors of the economy. More than \$70 million in new sales were supported in the real estate and health services sectors, and nearly \$59 million went to firms in retail trade.

Table 40 documents the very substantial impact retirees have on income in the State. In addition to the \$406.8 million in their own earnings, when the retirees spent their paychecks, another \$145.1 million in earnings was created for other Louisianians via the multiplier effect. **That was a total of \$551.9 million in Louisiana income that was created by the presence of military retirees in our State.**

Table 40
Household Earnings Created by
Military Retirees
(\$ Millions)

Category	Earnings Created
Health Services	\$35.0
Retail Trade	21.8
Miscellaneous Services	13.6
Business Services	11.6
Wholesale Trade	8.3
Eating and Drinking Places	7.9
Financial Services	6.2
Transportation	6.1
Total Indirect Earnings	\$145.1
Total Retiree Earnings	\$406.8
Total Earnings Created	\$551.9

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 41
Jobs Created in Louisiana Via
Military Retiree Spending

Category	Jobs Created
Retail Trade	1,396
Health Services	1,037
Miscellaneous Services	771
Eating and Drinking Places	691
Business Services	381
Hotels, Lodging and Amusements	275
Personal Services	249
Wholesale Trade	248
Financial Services	214
Total Jobs Created	6,497

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, Table 41 presents another indication of the importance of military retiree spending on the Louisiana economy...job creation. Retiree spending created 6,497 jobs in Louisiana via the multiplier effect. By way of reference, this is about equivalent to employment at Louisiana's largest manufacturing firm...Northrup Grumman Avondale Shipyard in New Orleans. Retiree spending supported over 1,000 jobs each in the retail

trade and health services sectors. The miscellaneous services industry picked up 771 jobs from retiree spending and eating/drinking establishments picked up 691 jobs. Table 41 reveals 5 other sectors that were high job gainers because of the presence of the retirees. Any public policy change that causes the State to lose a lot of these people will have a significant effect on the State's economy, especially in those sectors highlighted in Table 39.

Finally, that \$551.9 million in earnings created in the State in 2000 via military retirees (Table 40) resulted in significant tax revenues for the State. Multiplying that earnings figure by .056 gives an estimate of **\$30,906,000 in additional tax revenues associated with the presence of military retirees**. By way of reference, in 2000 the State collected \$30.9 million from a combination of its alcoholic beverage tax, its natural gas franchise tax, and its auto rental excise tax.

VII. Non-DOD Units: The Coast Guard

The units we have discussed so far have funding that can be traced back to the Department of Defense (DOD). There are, however, other units in the State that the general public associates with the DOD even though their funding comes from another U.S. agency. One such unit is the U.S. Coast Guard, which is funded under the U. S. Department of Transportation.

The Coast Guard has four distinct units in the State. The largest of these (measured by employment) is the Coast Guard Group in New Orleans. This unit is located on Lake Ponchartrain and is composed of a Group Staff headquarters complex, two aids-to-navigation inland construction tenders, one coastal buoy tender, and one long range aids-to-navigation station. The Coast Guard Air Station is located on the Naval

Reserve Base in Belle Chase. Thirdly, the Coast Guard Integratec Support Command is located in New Orleans and provides financial, personnel, reserve management, medical, housing, and industrial support to Coast Guard units in six states. The smallest Coast Guard unit...the Naval Engineering Support Unit...is located in New Orleans.

There are 536 military and 54 civilian employees working at these four Coast Guard units in Louisiana. In FY2000, the operating budget for the Coast Guard was \$36.1 million. Of that figure, just over \$18.6 million was in salaries and about \$2.4 million was in capital expenses. Because of the relatively small size of the latter, capital expenses were included in regular operating expenses for purposes of generating impact estimates.

Coast Guard: Recurring Impacts

Table 42 provides I/O table estimates of the impact of the Coast Guard's \$36.1 million budget on sales at Louisiana firms. Firms in wholesale trade enjoyed a \$17 million boost in their spending due to the presence of the Coast Guard, followed by establishments in real estate (almost \$5.2 million) and health services (\$4.3 million). **A total of \$49.7 million in sales at Louisiana firms could be traced back to the presence of the Coast Guard in the Louisiana economy.**

Table 42
Impact of U.S. Coast Guard-Eighth District
on Sales at Louisiana Firms
(\$ Millions)

Category	Sales
Wholesale Trade	\$17,085,967
Real Estate	5,181,925
Health Services	4,348,986
Retail Trade	3,688,689
Miscellaneous Services	2,366,115
Business Services	2,290,029
Total Sales Created by Coast Guard	\$49,707,836

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 43 illustrates the very important impact that Coast Guard activities had on household earnings in FY2000. As mentioned above, direct Coast Guard payrolls produced almost \$18.7 million in earnings for Louisianians. Through the multiplier effect, another \$16.7 million was created in other sectors of the Louisiana economy. The top two indirect sectors were wholesale trade with almost \$5.8 million in new earnings and health services at \$2.2 million. According to the I/O table, **a total of \$35.4 million in household earnings in Louisiana can be traced back to the spending of the Coast Guard.**

Table 43
Louisiana Earnings Attributable to
U.S. Coast Guard-Eighth District

Category	Earnings
Total Salaries of Coast Guard Employees	\$18,664,076
Indirect Earnings created:	
Wholesale Trade	5,782,124
Health Services	2,247,747
Retail Trade	1,467,134
Business Services	1,283,787
Construction	1,075,828
Total Indirect Earnings	16,742,028
Total Earnings Created	\$35,406,104

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, Table 44 shows the impact of the Coast Guard's presence on jobs in the State. As indicated earlier, the Coast Guard employed 590 military and civilian employees in FY2000. According to the data in Table 44, another 592 jobs were created in Louisiana via the multiplier effect of the Coast Guard spending. **A total of 1,182 jobs in Louisiana in that year were supported by the presence of the Coast Guard.** Of the indirect jobs created, the largest number occurred in the wholesale trade sector (171), followed by retail trade (88 jobs) and health services (64 jobs).

Table 44
Louisiana Employment Attributed to the
U.S. Coast Guard-Eighth District

Category	Jobs Created
Direct Employment	590
Indirect Employment Created:	
Wholesale Trade	171
Retail Trade	88
Health Services	64
Miscellaneous Services	49
Eating and Drinking Places	44
Business Services	36
Total Indirect Employment created	592
Total Jobs Created	1,182

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Coast Guard: Construction Impacts

Coast Guard capital spending in FY2000 amounted to only \$2,367,000. Since this was a relatively small sum, it was included in the operating expenditures effects shown in Tables 42-44.

Coast Guard: Impact on State Tax Collections

Back in Table 43, we presented evidence from the I/O table that Coast Guard activities had produced \$35.4 million in household earnings in FY2000. Officials with Louisiana's Legislative Fiscal Office estimate that the State collects \$0.56 in taxes for every dollar of new income produced in the State. **That means the Coast Guard generated \$1,982,742 in taxes (\$35,406,104 X 0.56) for the State treasury in FY2000.**

VIII. Non-DOD Units: The VA Hospitals

Another significant example of non-DOD military activity in Louisiana is the Veterans Administration (VA). There are three hospitals in Louisiana run by the Veterans Administration. VA activities also include the Department of Veterans Affairs Regional Office in New Orleans, which provides educational and vocational rehabilitation payments to veterans. Thirdly, the VA injects a very significant sum of money into the State's economy by way of its compensation and pension programs. We provide the economic impact of each below.

The New Orleans VA Medical Center

The New Orleans VA Medical Center (VA-NO) is the largest of the VA hospitals with a budget in 2000 of \$159.2 million and 1,584 employees. The impact of this hospital on sales at Louisiana firms is documented in Table 45.

Table 45
Sales at Louisiana Firms Attributable to
New Orleans Veteran's Hospital
(\$ Millions)

Category	Sales
Health Services	\$53.0
Real Estate	26.2
Wholesale Trade	21.7
Retail Trade	18.6
Construction	14.6
Business Services	12.5
Miscellaneous Services	11.7
Utilities	10.2
Total	\$239.7

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

According to the I/O table, \$239.7 million in sales at Louisiana firms can be traced back to this huge medical center. Firms in the health services sector were, logically, the largest beneficiaries of this medical center's presence with \$53 million in sales. This sector was followed in rank by firms in real estate (\$26.2 million) and those in wholesale trade (\$21.7 million). Five other top-sales sectors are shown in Table 45.

Table 46 shows the impact of this medical center on household earnings in the State in 2000. The direct payroll expense at the center was \$94.5 million in that year. Via the multiplier effect another \$74.6 million in household earnings was created for Louisianians. The sector that enjoyed the largest boost in earnings for its employees through the multiplier effect was persons working in health services, i.e. health related firms other than the VA Medical Center. Thus, **a total of \$169.1 million in household earnings in the State can be traced back to this medical center.**

Table 46
Louisiana Earnings Attributable to
New Orleans VA Medical Center
(\$ Millions)

Category	Total
Direct Salaries	\$94.5
Indirect Earnings Created:	
Health Services	24.8
Wholesale Trade	7.3
Retail Trade	6.9
Business Services	5.8
Construction	4.9
Miscellaneous Services	4.3
Eating and Drinking Places	2.5
Transportation	2.5
Financial Institutions	2.1
Total Indirect Earnings Created	74.6
Total Earnings Created	\$169.1

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 47 contains the I/O table estimates of the total job impact of the VA Medical Center. Its own direct employment of 1,584 employees makes this medical center one of the largest employers in New Orleans. However, the multiplier effect of the center's spending generated another 2,923 in the State as well, for a total of **4,507 jobs associated with the center**. Just over a quarter (747) of the indirect jobs were supported in health care firms other than the VA medical center. Table 47 shows some of the other top job receiving sectors due to the medical center.

Table 47
Louisiana Employment Attributable to
New Orleans VA Medical Center

Category	Total
Direct Employment	1,584
Indirect Jobs Created:	
Health Services	747
Retail Trade	443
Miscellaneous Services	243
Eating and Drinking Places	224
Wholesale Trade	218
Business Services	190
Construction	164
Total Indirect Jobs Created	2,923
Total Jobs Created	4,507

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

The data in Table 46, that show the earnings created in the State by the Center, can be used to estimate the unit's impact on State tax collections. Using the rule that each dollar of new earnings results in 5.6 cents in new revenue for the State, we estimate that the **New Orleans VA Medical Center generated \$9,470,000 in revenues for the State treasury** ($\$169.1 \times .056$) in 2000.

Overton Brooks VA Medical Center

The Overton Brooks VA Medical Center (OBVA) is located in Shreveport. It employed 979 people and had an operating budget of \$107 million in 2000. Table 48 provides data on the I/O estimates of the impact of this medical center on sales at Louisiana firms.

Table 48
Sales At Louisiana Firms Attributable to
Overton Brooks VA Medical Center
(\$ Millions)

Category	Sales
Health Services	\$20.0
Real Estate	15.5
Wholesale Trade	14.2
Retail Trade	11.2
Business Services	7.3
Miscellaneous Services	7.1
Construction	6.3
Utilities	6.2
Total	\$148.6

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Firms in the State experienced \$148.6 million in sales that they would not have secured if the medical center had not been in Louisiana. As was the case with the New Orleans VA Medical Center, firms in the health services sector enjoyed the greatest benefits from the multiplier effects of the medical center's presence.

Those sales in Table 48 resulted in income for persons working in those sectors. Table 49 provides I/O table estimates of the impact of OBVA on household earnings of Louisianians. In addition to the \$60 million in direct payrolls at the medical center, this facility generated another \$35.2 million in earnings via the multiplier effect. That means

this unit was responsible for producing about \$95.2 million in earnings for Louisiana citizens in 2000.

Table 49
Louisiana Earnings Attributable to
Overton Brooks VA Medical Center
(\$ Millions)

Category	Total
Direct Salaries	\$60.0
Indirect Earnings Created:	
Health Services	10.4
Wholesale Trade	4.2
Retail Trade	3.8
Business Services	2.7
Miscellaneous Services	2.4
Construction	1.7
Eating and Drinking Places	1.4
Transportation	1.3
Financial Institutions	1.1
Total Indirect Earnings Created	35.2
Total Earnings Created	\$95.2

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 50
Louisiana Employment Attributable to
Overton Brooks VA Medical Center

Category	Total
Direct Employment	979
Indirect Jobs Created:	
Health Services	327
Retail Trade	277
Miscellaneous Services	154
Wholesale Trade	147
Eating and Drinking Places	140
Business Services	119
Chemicals	103
Total Indirect Jobs Created	1,770
Total Jobs Created	2,749

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 50 documents the important job impacts of this medical center. In addition to the 979 direct jobs at the center, this facility supported another 1,770 jobs in Louisiana through its multiplier effect for a **total job impact of 2,749 jobs**. Table 50 shows the top 7 sectors in terms of job creation via the multiplier effect. The leading industries in terms of indirect job creation were firms in health services (327) and retail trade (277).

From the earnings estimates in Table 49...\$95.2 million...we can derive estimates of the impact of this center on State tax collections. Using the formula that every dollar of new earnings creates 5.6 cents in State revenue, we estimate that in 2000, the Overton Brooks VA Medical Center produced \$5,331,000 ($\$95.2 \text{ million} \times .056$) in revenues for the State treasury.

Alexandria VA Medical Center

The Alexandria VA Medical Center is a specialty referral center for acute and intermediate psychiatric care. The Center employed 965 people in 2000 and had an operating budget of \$78.2 million.

Table 51 reveals the impact of this medical center on sales at Louisiana firms. I/O table estimates are that the center produced **\$114.2 million in sales at firms in the State** in 2000. The table also reveals the top 9 sectors in terms of sales produced via the multiplier effect. The largest was firms in the health services field (\$25.2 million). These would include firms other than the medical center.

Table 51
Sales at Louisiana Firms Attributable
to the Alexandria VA Medical Center
(\$ Millions)

Category	Sales
Health Services	\$25.2
Real Estate	13.1
Wholesale Trade	9.3
Retail Trade	9.3
Chemicals	6.1
Business Services	5.9
Miscellaneous Services	5.9
Construction	5.8
Utilities	5.5
Total	\$114.2

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

In Table 52, data are presented on the impact of this facility on earnings in the State. It is estimated that in 2000 the medical center generated \$35.2 million in new household earnings for Louisiana citizens in addition to the \$50.1 million in direct payrolls at the center. That is a total of **\$85.3 million in household earnings for Louisianians in 2000 that can be traced back to this medical center.** The sector whose employees benefited the most in terms of multiplier effect earnings was health services at \$13.5 million.

Table 52
Louisiana Earnings Attributable to the
Alexandria VA Medical Center
(\$ Millions)

Category	Total
Direct Salaries	\$50.1
Indirect Earnings Created:	
Health Services	13.5
Retail Trade	3.5
Wholesale Trade	3.1
Business Services	2.7
Miscellaneous Services	2.2
Construction	1.7
Eating and Drinking Places	1.3
Transportation	1.2
Financial Institutions	1.0
Total Indirect Earnings Created	35.2
Total Earnings Created	\$85.3

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries

In Table 53 data are provided on the job impacts of the Alexandria VA Medical Center. As one might expect, a facility of this size is going to have some significant impacts on the job market. As the data illustrate, in addition to the 965 direct jobs at the medical center, another 1,477 jobs were generated via the multiplier effect, for a total of **2,442 jobs traced back to the facility's presence**. Table 53 also documents the top 7 sectors in terms of jobs created by the center's multiplier effect. The top two were health service firms (411 jobs) and retail trade (227 jobs).

Table 53
Louisiana Employment Attributable to the
Alexandria VA Medical Center

Category	Total
Direct Employment	965
Indirect Jobs Created:	
Health Services	411
Retail Trade	227
Miscellaneous Services	126
Eating and Drinking Places	116
Wholesale Trade	95
Business Services	94
Construction	55
Total Indirect Jobs Created	1,477
Total Jobs Created	2,442

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect Impact is the sum over these 37 industries.

Again, we can determine the effect of this medical center on State revenue collections by multiplying the earnings impact in Table 52 (\$85.3 million) by .056. This gives an estimate of **\$4,777,000 added to the State treasury in 2000** due to the operations of this medical center.

Regional Office – Department of Veterans Affairs

The Regional VA Office in New Orleans processes claims filed by veterans for benefits associated with education, insurance, loan guarantees, etc. Counseling services for veterans are also provided. The office employed 182 civilian workers and had a regular operating budget of \$10 million in 2000. However, in addition to this operating budget, the Regional Office dispersed \$27,010,124 in payments to veterans in Louisiana for education and vocational rehabilitation.

I/O tables indicate that about **\$73.5 million in sales accrued to Louisiana firms in 2000 due to these Regional Office activities** (see Table 54). Table 54 also shows the

top eight sectors of the economy that benefited the most in terms of sales boosts in that year. Leading the pack was firms in miscellaneous services (where education/rehabilitation firms are located) with \$40.3 million in sales, followed by firms in real estate (\$6.1 million), health services (\$3.1 million), retail trade (\$2.9 million), and business services (nearly \$2.9 million).

Table 54
Impact of Educational, Vocational Rehabilitation and Local Offices
of Veterans Affairs on Louisiana Sales
(\$ Millions)

Category	Sales
Miscellaneous Services	\$40,316,632
Real Estate	6,138,031
Health Services	3,195,557
Retail Trade	2,926,508
Business Services	2,878,350
Construction	2,750,994
Eating and Drinking Places	2,183,314
Wholesale Trade	1,921,829
Total Sales created	\$73,485,809

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 55 shows the I/O table estimates of the household earnings generated by Regional Office activities in 2000. Some **\$24,782,069 in household earnings in the State can be traced back to the activities of the Regional Office.** Not surprisingly, people employed at firms in miscellaneous services (again the location of educational and rehabilitation firms) benefited the most, with over \$40.3 million in earnings. Employees in the real estate sector followed in second place with over \$6.1 million in earnings.

Table 55
Louisiana Earnings Attributable to Educational, Vocational
Rehabilitation and Local Offices of Veterans Affairs

Category	Earnings
Miscellaneous Services	\$15,375,014
Health Services	1,575,680
Business Services	1,318,041
Retail Trade	1,088,538
Construction	1,007,009
Eating and Drinking Places	683,228
Wholesale Trade	643,690
Total Earnings Created	\$24,782,069

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

The sales numbers illustrated back in Table 54 will clearly result in new jobs in Louisiana. Table 56 reveals where those jobs were and the totals. In addition to the 182 jobs at the Regional Office, another 923 were added via the education/rehabilitation spending and the multiplier effect for a total of 1,105 **jobs created via this regional office**. Table 56 lists the top 6 sectors in terms of job gains via the multiplier effect.

Finally, we can use the same formula employed with the medical centers to estimate how much the Regional Office boosted State tax collections. The State collects about 5.6 cents for every dollar of new earnings generated. According to Table 55, the Regional Office produced \$24,782,069 in 2000. Multiplying that number by .056 gives an estimate of **\$1,387,795 added to the State treasury in 2000 due to the presence of the Regional Office and its education/rehabilitation spending**.

VA Compensation & Pension Program

In addition to the activities described above, the VA provides compensation for service-connected and certain non-service-connected disabilities. These compensation and pension benefits are separate and apart from the DOD paid benefits described back in section VI.

As it turns out, these compensation/pension payments to Louisianians are quite large. In FY01 they totaled a whopping **\$395,406,012**. Unfortunately, data on how these payments are distributed by area of the State are not available, as was the case with DOD pension payments. However, it is highly probable that the residences of the recipients are heavily skewed toward locales in Louisiana that contain a military base. Thus if one of those bases is closed under EFI, many of these recipients would very likely leave Louisiana to be near a base elsewhere, taking their disability pay with them.

Table 57 documents the impact of this disability pay on sales at Louisiana firms. According to the I/O table, **these payments generated \$484.6 million in sales at Louisiana firms in FY01**. Firms in the real estate sector (\$76.5 million), health services (\$69 million), and retail trade (\$57.1 million) were the largest beneficiaries of this largess.

Table 57
Impact of VA Disability Payments
on Sales at Louisiana Firms
(\$ Millions)

Category	Sales
Real Estate	\$76.5
Health Services	69.0
Retail Trade	57.1
Miscellaneous Services	35.5
Eating and Drinking Places	24.4
Wholesale Trade	24.0
Business Services	23.9
Financial Institutions	22.7
Total Sales created	\$484.6

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 58
Louisiana Earnings Attributable to
VA Pension Payments
(\$ Millions)

Category	Earnings
Health Services	\$34.0
Retail Trade	21.2
Miscellaneous Services	13.2
Business Services	11.3
Wholesale Trade	8.0
Eating and Drinking Places	7.6
Financial Institutions	6.0
Transportation	5.9
Total Earnings Created	\$195.9

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Naturally, the impact of these new sales generated additional earnings for Louisiana citizens. These earnings impacts from the I/O table are shown in Table 58. In FY01, VA disability payments produced \$195.9 million in earnings for State residents. Employees in the health services sector benefited the most with a \$34 million

boost in earnings, followed by retail trade employees (\$21.2 million), miscellaneous services workers (\$13.2 million) and employees of firms in business services (\$11.3 million).

Table 59 illustrates the number and distribution of jobs in Louisiana supported by the VA's disability payments. The I/O table estimates that in FY01, **these payments supported 6,315 jobs in Louisiana**. This rather keenly illustrates how important it is to keep these recipients within the State's borders. If military units are closed in Louisiana, many of these disability recipients would leave, and as they do, these 6,315 jobs would begin to evaporate behind them. As Table 59 shows, retail trade (1,357 jobs) and health services firms (1,008 jobs) gain the most employment from the existence of these disability payments.

Table 59
Louisiana Employment Attributable to
VA Pension Payments

Category	Jobs Created
Retail Trade	1,357
Health Services	1,008
Miscellaneous Services	750
Eating and Drinking Places	672
Business Services	370
Hotels and Amusements	267
Personal Services	242
Wholesale Trade	241
Financial Institutions	208
Total Jobs Created	6,315

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Finally, we can use the earnings figure in Table 58 to estimate the impact on the State treasury of these disability payments. Using Legislative Fiscal Office estimates of 5.6 cents for the treasury for every dollar of earnings generated, this means **these VA disability payments produced \$10,970,400 dollars for the State coffers in FY01.**

IX. Military Procurement Impacts

Another way in which the military very significantly impacts the Louisiana economy is via its procurement of military equipment from manufacturers in the State. There is no nice, neat source that documents these purchases. However, we have been able to secure data on two key purchases by the military...shipbuilding/repair and aircraft construction. Each of these is discussed below.

Impact of Shipbuilding/Repair

Louisiana has over 150 firms engaged in shipbuilding/repair. Only a few actually have contracts with the military. Two data sources were used for military spending on shipbuilding/repair. First, officials with NAVSEA provided the authors with total spending by the Navy in 2000 in Louisiana in this category. Secondly, a major military contractor...Bollinger Shipyards...provided us with data on military spending at their yards in 2000. The later enabled us to capture significant spending by the Coast Guard and a small amount by the Army on shipbuilding/repair. The final figure **was almost \$1.2 billion in spending by the military in this category.**

Table 60 details the impact of this huge injection of spending on sales at Louisiana firms. According to the I/O table, **military spending on shipbuilding/repair generates nearly \$2.2 billion in sales at State firms.** Firms in the transportation equipment industry...where the shipbuilding firms are located are the principal recipients

of these sales with a total of nearly \$1.2 billion. Real estate firms were next in line with \$133.9 million in sales, while companies in the health services sector picked up almost \$100 million in sales.

Table 60
Impact of Military Spending on Shipbuilding
on Sales at Louisiana Firms
(\$ Millions)

Category	Sales
Other Transportation Equipment	\$1,192.9
Real Estate	133.9
Health Services	97.4
Wholesale Trade	87.3
Retail Trade	83.8
Business Services	64.4
Miscellaneous Services	55.3
Transportation	49.7
Fabricated Metal Products	49.5
Electric, Gas, and Sanitary Services	44.9
Financial Institutions	42.4
Eating and Drinking Places	39.6
Total Sales created	\$2,195.0

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 61 shows what the impact of those sales on earnings for Louisiana households. I/O table estimates indicate that in 2000, **military spending on shipbuilding/repair produced over three-quarters of a billion dollars in earnings for State citizens.** Employees in the transportation equipment sector...again, where the shipbuilding firms are located...pocketed just over \$472 million. Still, employees in firms in other sectors of the economy benefited handsomely from the funds injected by the military in this way. Health services employees acquired \$48 million in earnings, retail trade workers over \$31 million, and almost \$30 million each was secured by workers in business services and wholesale trade.

Table 61
Louisiana Earnings Attributable to
Military Spending on Shipbuilding in 2000
(\$ Millions)

Category	Earnings
Other Transportation Equipment	\$472.5
Health Services	48.0
Retail Trade	31.2
Business Services	29.5
Wholesale Trade	29.2
Miscellaneous Services	20.0
Transportation	16.4
Fabricated Metal Products	12.7
Eating and Drinking Places	12.4
Financial Institutions	11.1
Total Earnings Created	\$756.2

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

I/O table estimates of the impact of shipbuilding/repair spending by the military on jobs in 2000 are detailed in Table 62. Obviously, the \$1.2 billion the military pumps into the State's economy in this fashion dramatically impacts jobs in the State. I/O estimates **indicate 25,594 jobs were supported in Louisiana by this type of military spending.** Louisiana's largest manufacturing employer...Northrup Grumman Avondale Shipyards in New Orleans...owes much of its annual sales to its military contracts.

Table 62
Louisiana Employment Attributable to
Military Spending on Shipbuilding

Category	Jobs Created
Other Transportation Equipment	13,863
Retail Trade	1,991
Health Services	1,422
Miscellaneous Services	1,117
Eating and Drinking Places	1,088
Business Services	1,026
Wholesale Trade	876
Transportation	545
Hotels and Amusements	385
Personal Services	378
Fabricated Metal Products	350
Total Jobs Created	25,594

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

According to the data in Table 62, over half of the jobs supported by military shipbuilding/repair are in the shipbuilding industry (13,863), but the spillover effects on other sectors is quite large. For example, nearly 2,000 jobs in the retail trade sector are supported by this type of military spending, and over a thousand jobs each are supported in health services (1,422), miscellaneous services (1,117), restaurants (1,088) and business services (1,026). It would be difficult to understate the importance of this military spending on the Louisiana economy.

Finally, we can use the earnings data in Table 61 to estimate how much the State treasury gained from this type of military spending. Table 61 data indicated that \$756.2 million in earnings were created in 2000 by military spending on shipbuilding/repair. Multiplying this number times 5.6 cents results in an estimate of **\$42,347,200 in state tax collections attributable to military spending on shipbuilding/repair in 2000.**

Impact of Aircraft Construction

A second significant source of military procurement spending in Louisiana is that done by DOD on the JSTARS program at the Northrup Grumman plant in Lake Charles. At this facility, workers take 707s and tear them down and replace the plane's insides with the Joint Surveillance Target Attack Radar System. **Officials at Northrup Grumman (NG) informed us that they received \$96,041,576 in government funding in 2000.**

Table 63 reveals the impact of this spending on sales at Louisiana firms. According to the I/O table, **\$171.5 million in sales were supported by military spending on aircraft work at the NG site in 2000.** Of this amount \$108.5 accrued to

Table 63
Impact of Military Spending on Aircraft
on Sales at Louisiana Firms
(\$ Millions)

Category	Sales
Other Transportation Equipment	\$108.5
Real Estate	7.0
Wholesale Trade	6.0
Health Services	5.7
Business Services	5.2
Retail Trade	5.0
Miscellaneous Services	3.5
Transportation	3.2
Financial Institutions	2.9
Electric, Gas, and Sanitary Services	2.6
Eating and Drinking Places	2.5
Total Sales created	\$171.5

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

firms in the "other transportation equipment" sector which is where NG is located. Five million dollars or more in sales were supported at firms in the following sectors: real

estate (\$7 million), wholesale trade (\$6 million), health services (\$5.7 million), business services (\$5.2 million), and retail trade (\$5 million).

Table 64 illustrates how these sales produced income for Louisiana families. I/O table estimates are that in 2000, **\$77.7 million in household earnings in Louisiana could be traced back to military spending on the JSTARS program.** About \$59 million of that figure went to workers in the sector that includes NG, but there were significant earnings spillovers in other sectors of the economy. For example, two million or more in earnings were supported in health services (\$2.8 million), business services (\$2.5 million) and wholesale trade (\$2.0 million)

Table 64
Louisiana Earnings Attributable to
Military Spending on Aircraft
(\$ Millions)

Category	Earnings
Other Transportation Equipment	\$59.0
Health Services	2.8
Business Services	2.5
Wholesale Trade	2.0
Retail Trade	1.8
Miscellaneous Services	1.3
Transportation	1.1
Total Earnings Created	\$77.7

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

Table 65
Louisiana Employment Attributable to
Military Spending on Aircraft

Category	Jobs Created
Other Transportation Equipment	1,560
Retail Trade	118
Health Services	83
Business Services	82
Miscellaneous Services	70
Eating and Drinking Places	68
Wholesale Trade	60
Total Jobs Created	2,315

Note: This table is based on the Bureau of Economic Analysis' RIMS II tables, which provide impact multipliers for 37 industries. The total indirect impact is the sum over these 37 industries.

In Table 65, data from the I/O table are presented on the employment impacts of military spending in Louisiana on aircraft. According to the I/O table, **2,315 jobs were supported by this type of spending**. Approximately two-thirds of these jobs were in the aircraft industry itself, but another 755 were created via the multiplier effect. Retail trade employment was boosted the most with a 118-job increase.

Finally, we take the earnings figure from Table 64 (\$77.7 million) and multiply it times the Legislative Fiscal Office estimate of 5.6 cents in State revenues for every dollar of new earnings created in the State. This results in an estimate of **\$4,351,200 in State revenues in 2000 that could be traced back to the NG operation in Lake Charles**.

X. Summary & Conclusions

The focus of this report has been on estimating the economic impact Department of Defense, Coast Guard, and Veterans Affairs spending on the Louisiana economy in 2000. Data were collected on expenditures and employment at several facilities, and

these data were run through an input/output table for the Louisiana economy to generate the multiplier effects of the spending by each unit.

Our analysis included an examination of the three largest military facilities in the State...Fort Polk, Barksdale AFB, the Naval Reserve Force and the Marine Corps Reserve...along with three smaller units...the Orleans Battalion ROTC, the Human Resources Office, and the Military Entrance Processing Station. We examined the impact of the Louisiana Army and Air National Guard. In addition to these traditional military units, we also calculated the impact of the New Orleans District office of the Army Corps of Engineers.

According to DOD data there are 26,704 military retirees living in the State, receiving retirement pay totaling \$406.8 million a year. We estimated the impact of this retirement income on the State's economy. Coast Guard operations and the activities of the Veterans Administration were covered as well. Finally, we studied the impact of military procurement spending on shipbuilding/repair and aircraft manufacturing. Our findings are summarized in Table 66.

Table 66
Economic Impact of Military Spending on the Louisiana Economy: 2000

Unit	Impact on:			
	Sales (Millions)	Household Earnings (Millions)	Jobs	State Tax Collections
Fort Polk	\$1,095.4	\$664.80	27,048	\$37,228,000
Barksdale AFB	521.8	401.6	14,071	22,490,000
Naval Reserve Force	544.8	209.6	8,440	11,737,000
Marine Force Reserve	195.9	102.0	3,132	5,712,000
Army & Air National Guard	261.5	195.9	5,233	10,970,400
Orleans Battalion ROTC	0.7	0.7	21	
Human Resources Office	1.6	1.7	42	226,510*
Military Entrance Processing	3.6	1.6	75	
Total: Military Units	\$2,625.3	\$1,577.9	58,422	\$88,423,910
Army Corps of Engineers	\$915.1	\$307.3	10,860	17,209,000
Military Retirees	498.5	551.9	6,497	30,906,000
Total: DOD Units	\$3,536.4	\$2,123.8	66,534	\$136,538,910
Coast Guard	\$49.7	\$35.4	1,182	\$1,982,742
VA Medical Center - NO	239.7	169.1	4,507	9,470,000
VA Medical Center - Shreveport	148.6	95.2	2,749	5,331,000
VA Medical Center - Alexandria	114.2	85.3	2,442	4,777,000
VA Regional Office	73.4	24.8	1,105	1,387,795
VA Disability Payments	484.6	195.9	6,315	10,970,400
Shipbuilding/Repair	2,195.0	756.2	25,594	42,347,200
Aircraft Construction	171.5	77.7	2,315	4,351,200
Grand Total	\$7,013.1	\$3,563.4	112,743	\$217,156,247

* Tax collections for all three small units combined