



The Economic Impact of South Carolina's Military Community

A Statewide and Regional Analysis

April 2017

Revised May 2017

(See Appendix A)



www.scmilitarybases.com

Study Prepared by:
Joseph C. Von Nessen, Ph.D.
Research Economist, Division of Research
joey.vonnessen@moore.sc.edu

Prepared for the South Carolina Military Base Task Force
<http://www.scmilitarybases.com>



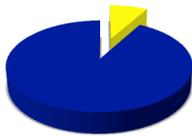
The South Carolina Military Community: At a Glance

Total Economic Impact

\$24.1 BILLION
181,847 JOBS

**PERCENTAGE OF
SOUTH CAROLINA
ECONOMY**

8.4%



\$54,701/Year

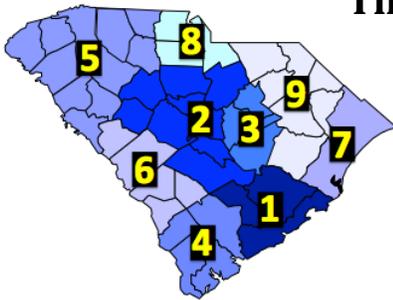
**Average Compensation for
Jobs Supported by Military**

37% Higher than Average S.C. Job



**The military community
generates 1 out of every 12 jobs
in South Carolina**

The Military Community Impacts all S.C. Regions



Regions Ranked by Total Volume of Military Related Activity

- | | |
|--------------------------|---------------------------------|
| (1) Charleston - \$10.8B | (6) Aiken/N. Augusta - \$776.3M |
| (2) Midlands - \$4.1B | (7) Grand Strand - \$642.5M |
| (3) Sumter - \$2.5B | (8) Rock Hill - \$460.8M |
| (4) Beaufort - \$2.3B | (9) Pee Dee - \$432.4M |
| (5) Upstate - \$2.2B | |

62,520

of DoD Personnel

417,515

of Military Veterans

752

of Defense Contractors



Annual Tax Revenue
*generated by S.C. military
community*

**\$884.1
million**

**Reducing the
Labor Shortage**

3.6%

*Percentage of projected
job openings that can
be filled by working-age
veterans over the next
decade*

Executive Summary

The annual economic impact of the military community on South Carolina is **\$24.1 billion**. This translates to **181,847 jobs** that are supported (either directly or indirectly) by the military community along with **\$9.9 billion in labor income** for South Carolinians.

The Palmetto State is home to **eight major military installations** and numerous other facilities throughout the state supporting **62,520 Department of Defense personnel**, of all branches of Service, with **\$2.6 billion in payroll**.

Additionally, **\$2.1 billion in Department of Defense (DoD) contracts is currently being executed among 752 firms** within the state.

The **\$4.7 billion that the DoD spends on payroll and contracts** in South Carolina (#23 in the Nation) is 2.7 percent of the state's GDP (#17 in the Nation) providing \$1,079 per South Carolina resident.

There are **56,969 military retirees** among the state's **417,515 veterans**. Military retirees bring in **\$1.6 billion in DoD-funded** retirement income. The Department of Veterans Affairs provides veterans another **\$1.9 billion in VA-funded** compensation and pension. **The VA spends another \$1.6 billion** to provide medical care and veteran benefits across South Carolina.

South Carolina has the **10th highest total DoD personnel** and the **9th highest military retiree population**.

The strategic importance of South Carolina's military community as part of the broader United States military is critical. South Carolina's military community provides a variety of resources that the nation regularly draws from for training, combat, and support services. These include:

- Force generation for the long-term sustainability of the U.S. Armed Forces
- Active engagement in the defense of national interests
- Direct support of combat operations

While these are tremendous figures for the Palmetto State, it is hard to project what the impact would have been without the effects of the Budget Control Act of 2011, which forced significant cuts in defense spending and the corresponding 16.6 percent spending reduction nationwide since fiscal year 2011.



Table of Contents

Executive Summary4

Introduction8

 Figure 1 – Locations of Federal Military Installations in South Carolina..... 11

Methodology..... 12

***The Charleston Region* 14**

Economic Impact: Joint Base Charleston 15

 Background..... 15

 Economic Impact..... 17

 Table 1 – Economic Impact of Joint Base Charleston on South Carolina 17

 Table 2 – Economic Impact of Joint Base Charleston on South Carolina by Industrial Sector 18

 Table 3 – Economic Impact of Joint Base Charleston on the Charleston Region..... 18

 Table 4 – Economic Impact of Joint Base Charleston on the Charleston Region by Industrial Sector 19

Economic Impact: U.S. Coast Guard 19

 Background..... 19

 Economic Impact..... 19

 Table 5 – Economic Impact of the U.S. Coast Guard on South Carolina 19

 Table 6 – Economic Impact of the U.S. Coast Guard on South Carolina by Industrial Sector 20

Economic Impact: U.S. Army Corps of Engineers 20

 Background..... 20

 Economic Impact..... 20

 Table 7 – Economic Impact of the Army Corps of Engineers on South Carolina..... 21

 Table 8 – Economic Impact of the Army Corps of Engineers on South Carolina by Industrial Sector 21

Economic Impact: The South Carolina Ports Authority as a Military Asset 22

***The Midlands Region* 23**

Economic Impact: Fort Jackson..... 24

 Background..... 24

 Economic Impact..... 25

 Table 9 – Economic Impact of Fort Jackson on South Carolina 26

 Table 10 – Economic Impact of Fort Jackson on South Carolina by Industrial Sector ... 26

 Table 11 – Economic Impact of Fort Jackson on the Midlands Region 27

 Table 12 – Economic Impact of Fort Jackson on the Midlands Region by Industrial Sector 27

Economic Impact: McEntire Joint National Guard Base 28

 Background..... 28

 Economic Impact..... 29

 Table 13 – Economic Impact of McEntire Joint National Guard Base on South Carolina 29

 Table 14 – Economic Impact of McEntire Joint National Guard Base on South Carolina by Industrial Sector 29

 Table 15 – Economic Impact of McEntire Joint National Guard Base on the Midlands Region..... 29

 Table 16 – Economic Impact of McEntire Joint National Guard Base on the Midlands Region by Industrial Sector 30



<i>The Sumter Region</i>	31
<u>Economic Impact: Shaw Air Force Base (AFB)</u>	32
Background.....	32
Economic Impact.....	33
Table 17 – Economic Impact of Shaw AFB on South Carolina.....	33
Table 18 – Economic Impact of Shaw AFB on South Carolina by Industrial Sector	33
Table 19 – Economic Impact of Shaw AFB on the Sumter Region	33
Table 20 – Economic Impact of Shaw AFB on the Sumter Region by Industrial Sector	34
<u>Economic Impact: U.S. Army Central (ARCENT)</u>	34
Economic Impact.....	34
Table 21 – Economic Impact of ARCENT on South Carolina.....	34
Table 22 – Economic Impact of ARCENT on South Carolina by Industrial Sector.....	35
Table 23 – Economic Impact of ARCENT on the Sumter Region.....	35
Table 24 – Economic Impact of ARCENT on the Sumter Region by Industrial Sector....	35
<i>The Beaufort Region</i>	36
<u>Economic Impact: Marine Corps Air Station (MCAS) Beaufort</u>	37
Background.....	37
Economic Impact.....	38
Table 25 – Economic Impact of MCAS Beaufort on South Carolina.....	38
Table 26 – Economic Impact of MCAS Beaufort on South Carolina by Industrial Sector	38
.....	38
Table 27 – Economic Impact of MCAS Beaufort on the Beaufort Region.....	38
Table 28 – Economic Impact of MCAS Beaufort on the Beaufort Region by Industrial	39
Sector	39
<u>Economic Impact: Marine Corps Recruit Depot (MCRD) Parris Island</u>	40
Background.....	40
Economic Impact.....	41
Table 29 – Economic Impact of MCRD Parris Island on South Carolina	42
Table 30 – Economic Impact of MCRD Parris Island on South Carolina by Industrial	42
Sector	42
Table 31 – Economic Impact of MCRD Parris Island on the Beaufort Region	42
Table 32 – Economic Impact of MCRD Parris Island on the Beaufort Region by	43
Industrial Sector	43
<u>Economic Impact: Naval Hospital Beaufort</u>	43
Background.....	43
Economic Impact.....	43
Table 33 – Economic Impact of the Naval Hospital Beaufort on South Carolina	44
Table 34 – Economic Impact of the Naval Hospital Beaufort on South Carolina by	44
Industrial Sector	44
Table 35 – Economic Impact of the Naval Hospital Beaufort on the Beaufort Region ...	44
Table 36 – Economic Impact of the Naval Hospital Beaufort on the Beaufort Region by	45
Industrial Sector	45
<i>The Upstate Region</i>	46
<i>The Aiken/North Augusta Region</i>	47
<u>Economic Impact: National Nuclear Security Administration (NNSA)</u>	48
Background.....	48
Economic Impact.....	48



Table 37 – Economic Impact of the National Nuclear Security Administration on South Carolina..... 48

Table 38 – Economic Impact of the National Nuclear Security Administration on South Carolina by Industrial Sector..... 49

***The Grand Strand Region* 50**

***The Rock Hill Region* 51**

***The Pee Dee Region* 52**

***Statewide Impacts* 53**

Economic Impact: South Carolina National Guard (SCNG) 53

 Background..... 53

 Economic Impact..... 54

 Table 39 – Economic Impact of the S.C. National Guard on South Carolina 54

 Table 40 – Economic Impact of the S.C. National Guard on South Carolina by Industrial Sector 55

Economic Impact: U.S. Army Reserve of South Carolina 55

 Background..... 55

 Economic Impact..... 56

 Table 41 – Economic Impact of the U.S. Army Reserve on South Carolina 56

 Table 42 – Economic Impact of the U.S. Army Reserve on South Carolina by Industrial Sector 56

Economic Impact: DoD Contracting Firms..... 56

 Background..... 56

 Table 43 – Economic Impact of 2016 DoD Contracts on South Carolina 57

Economic Impact: Military Retirees and South Carolina Veterans 57

 Background..... 57

 Table 44 – Military Retiree/Veteran Annual S.C. Expenditures by Category..... 58

 Economic Impact..... 58

 Table 45 – Economic Impact of Military Retiree/Veteran-Related Spending Activity on South Carolina 58

Economic Impact: Contributions to State Tax Revenue 59

 Table 46 – State Tax Revenue Linked to the South Carolina Military Community 59

Expanding S.C.’s Skilled Workforce: The Contribution of Veterans 60

 Table 47 – Occupation Distribution of South Carolina Military Retirees..... 60

 Table 48 – Potential Contribution of Retirees to South Carolina’s Labor Demand..... 61

Economic Impact: Other South Carolina Military Elements..... 62

Conclusion 63

Appendix A: May 2017, Revision Note 65



Introduction

The economic impact of South Carolina's military footprint is significant. The Palmetto State is home to eight major military installations as well as many other defense-related facilities throughout the state supporting a total of 62,250 Department of Defense (DoD) personnel across all branches of service.¹ There are also 56,969 military retirees among the state's total veteran population of 417,515.² Among all states in the country, South Carolina has the 10th highest DoD personnel total and the 9th highest military retiree population.³ In addition, there are 752 public and private sector firms currently executing \$564.2 million in DoD contracts from the state.⁴

The strategic importance of South Carolina's military community as part of the broader United States military is critical. South Carolina's military community provides a variety of resources that the nation regularly draws from for training, combat, and support services. These include:

- Force generation for the long-term sustainability of the U.S. Armed Forces
- Active engagement in the defense of national interests
- Direct support of combat operations

The purpose of this study is to document the total economic impact that the military community has on the state of South Carolina. Each military installation in the state supports economic activity through its procurement of goods and services from the state's business community as well as through the labor income paid to military and civilian personnel. This initial injection of funding into the state's economy then leads to additional rounds of spending through various economic multiplier effects.

Because military facilities are funded through the federal government, expenditures made by these facilities represent an injection of new funds into South Carolina's economy that would not exist otherwise. As a result, these lead to a net increase in jobs and income for the state. This can be explicitly contrasted with funding that comes from state tax revenue, which only re-allocates jobs and incomes from one sector of the economy to another. One of the important components of economic growth in any region is the ability to attract spending from outside of that region. This is why national and international firms, tourism, and export-oriented manufacturing are important to South Carolina's economic growth: they bring new spending to the state, which then translates into new jobs and additional income. In a similar fashion, federal funding that enters the state through military expenditures will have a comparable effect.

¹ Source: DDMC Military and Civilian Personnel by Service/Agency by State/Country (Updated Quarterly), last updated December 2016 (https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp)

² Source: https://www.va.gov/vetdata/docs/GDX/GDX_FY15.xlsx;
<http://actuary.defense.gov/Portals/15/Documents/CONGDIST%202016.pdf?ver=2017-04-050125959-323>

³ Source: *Statistical Report on the Military Retirement System, FY2015*, last updated July 2016

⁴ Source: <http://www.USASpending.gov>



Military facilities also have a unique impact in that they help to attract and retain military retirees in South Carolina. Retirees are able to use all of the support facilities (e.g., medical care, commissary, recreational facilities) that the various military installations throughout the state maintain, which makes them more likely to permanently locate in South Carolina upon their retirement from active service. The income these retirees spend in their local region represents additional funding that supports local economic activity. In a similar fashion, out-of-state military and civilian visitors to South Carolina military installations introduce new spending to the state's economy. Further, nearly half of all military retirees living in South Carolina are under the age of 65, and many have established second careers in the private sector. Thus, the large presence of military retirees in South Carolina has enhanced the quality of the state's workforce and continually helps provide local firms with a talent base they might otherwise lack. Finally, all of the aforementioned economic activity that is generated also generates additional tax revenue for the state of South Carolina.

In this study, the military community/presence in South Carolina will be defined as including the following elements within each region:

The Charleston Region:

- Joint Base Charleston
- U.S. Coast Guard
- Army Corps of Engineers
- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Midlands Region:

- Fort Jackson
- McEntire Joint National Guard Base
- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Sumter Region:

- Shaw Air Force Base
- U.S. Army Central Command (ARCENT)
- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve



The Beaufort Region:

- Marine Corps Air Station (MCAS) - Beaufort
- Marine Corps Recruit Depot (MCRD) Parris Island
- Naval Hospital Beaufort
- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Upstate Region

- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Aiken/North Augusta Region:

- National Nuclear Security Administration (NNSA)
- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Grand Strand Region

- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Rock Hill Region

- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve

The Pee Dee Region

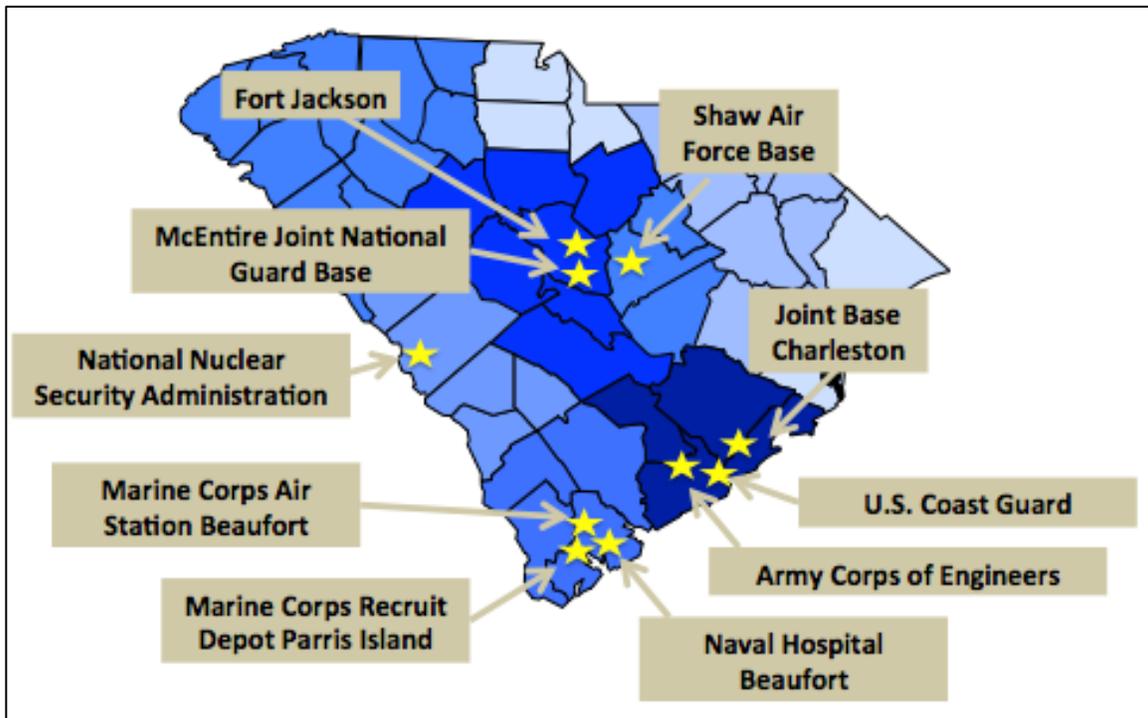
- Department of Defense Contracting Firms
- Military Retirees and Veterans
- Portions of the S.C. National Guard and U.S. Army Reserve



The economic impact of each element will be primarily measured through estimates of job and income creation and the overall contribution to South Carolina's economy. Figure 1 illustrates the locations of the eight major military installations in South Carolina along with the counties that receive the majority of the economic benefits of these facilities.

Figure 1 – Locations of Federal Military Installations in South Carolina

Note: The shades of blue in this map represent different regions of South Carolina as highlighted throughout this report.



This report begins by presenting an overview of the economic impact methodology that is used, including a discussion of direct, indirect, and induced impacts. Next, this report details all estimates that illustrate the economic impact of each of the elements of South Carolina's military community on the state, including the contributions that veterans make towards enhancing the quality of South Carolina's workforce as well as the total annual contribution that the military community makes to state tax revenue. Finally, the report briefly examines the South Carolina Ports Authority as an asset to the state's military community.

It is important to note that these are conservative estimates. Only open source information was used to develop this report and did not consider any classified personnel strengths or expenditures (e.g., for contracts, programs, etc).



Methodology

The economic impact of any organization is measured by how expenditures of that organization create demand for goods and services over what they would have been otherwise. Military facilities also provide an additional impact through attracting visitors as well as by helping to attract military retirees to South Carolina. Increases in the number of visitors and retirees creates a rise in spending levels within the region, thereby further increasing overall economic activity.

In a standard economic impact analysis, there are three types of economic impacts that can be analyzed: *direct*, *indirect*, and *induced*. The direct effect represents the initial change in economic activity. The direct effect of a military installation is comprised of all expenditures made by that installation within South Carolina. This includes, for example, personnel costs (wages), institutional construction, residential construction, maintenance costs, equipment, utilities, and medical care. This spending increases demand and leads to the creation of new jobs and income for the personnel and suppliers of the military installation across the state.

The indirect effect reflects additional rounds of spending that occur due to inter-industry linkages between local firms. For example, if a military installation were to spend funding on the construction of new barracks, the builder of these barracks would see an increase in demand. To satisfy this demand, the building company would then have to purchase supplies from its vendors. The building company's vendors would then see an increase in demand and, in turn, have to purchase supplies from their own sets of suppliers. These indirect effects would continue moving through the supply chain and affect many sectors of South Carolina's economy.

The induced effect reflects additional economic activity due to increases in household spending. For example, when a military installation hires a building company to construct new barracks and the demand for construction services rises, some of the construction staff will see an increase in their income. Part of this income will then be spent in the local economy on goods and services such as food, entertainment, or housing. This creates an increase in demand on the part of these retailers, who then must hire new workers in order to meet this demand. The new workers who are hired spend part of their money in the local economy, and so on.

These successive rounds of indirect and induced spending do not continue indefinitely, which is why a specific value can be calculated for each of them. In each round of spending, some dollars are "lost" as they are either saved by individuals or spent by businesses or consumers outside of South Carolina.

In order to calculate the indirect and induced impacts, economic multipliers are used. An economic multiplier can be used to determine the total impact (direct, indirect, and induced) that arises from an initial change in economic activity (direct). For example, if \$1 million was spent on new construction at a military



installation and this expenditure ultimately resulted in a total increase of \$1.8 million in economic activity in South Carolina, then the economic output multiplier would be 1.8. Multipliers are different in each sector of the local economy and are primarily driven by the size of the local supplier network. Multipliers also depend on the region being examined. For example, a \$1 million construction expenditure would have a larger impact on the state of South Carolina than it would on the Midlands region alone. Economic multipliers can be estimated for total economic activity (output), employment, and labor income. These are the standard measures used to determine the economic impact of an organization. In simple terms, these metrics are defined as follows:

- **Total Impact (Economic Output)** – *the contribution to overall economic activity; this is an all-inclusive measurement of the annual value of goods and services associated with South Carolina's military community*
- **Employment** – *the total number of full-time equivalent jobs associated with the measured economic output tied to South Carolina's military community*
- **Labor Income** – *the dollar value representing all wages, salaries, and benefits associated with total employment*

To estimate the impact of each element of the military community on the state of South Carolina, the Division of Research used a structural input-output model of the South Carolina economy containing specific information on economic linkages between over 500 of the state's industries. The input-output modeling software *IMPLAN* was used to calculate estimates. Unless otherwise indicated, all estimates are based on federal fiscal year 2016 data.





The Charleston Region ***Regional Ranking: #1***

Annual Economic Impact: \$10.8 billion
Number of Jobs Supported: 68,529
Labor Income Generated: \$4.4 billion



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
13,810	71,011	15,090	4,612

The Charleston Region contains the largest military presence in South Carolina, with an annual economic impact of approximately \$10.8 billion that is supported by 68,529 jobs. This impact includes Joint Base Charleston, the U.S. Coast Guard, the Army Corps of Engineers, as well as DoD contractors, military retirees and veterans,



portions of the South Carolina National Guard, and the U.S. Army Reserve. The economic impact of the military facilities located in Charleston is detailed below.

Economic Impact: Joint Base Charleston

Background

Prior to 2010, Charleston was home to both the Naval Weapons Station (NWS) Charleston and Charleston Air Force Base (AFB). In 1941 NWS Charleston was commissioned as a U.S. Naval Ammunition Depot and served as a munitions collection and distribution point during World War II. Following the war, the site handled guided missiles and arming submarines.

In 1942 the City of Charleston began leasing the Charleston Municipal Airport to the War Department, thus founding what eventually became Charleston Army Air Field. In addition to providing a home for anti-submarine units, the field's initial mission was training air depot groups. In addition to providing a home for anti-submarine units, the field's initial mission was training air depot groups. That training mission changed and the field began training combat crews for B-24 *Liberators*. Following the end of World War II, the newly established Air Force, returned the base to the City. In 1952, the City of Charleston signed a new Joint Use Lease with the Air Force that called for the construction of an entirely new base to be located opposite the now fully civilian airport. By 1953, the Air Force began initial occupancy of the new base named Charleston Air Force Base.

As a result of recommendations from the 2005 Base Realignment and Closure study, Charleston AFB and NWS Charleston were merged as Joint Base Charleston, effective October 1, 2010. Joint Base Charleston is one of twelve Joint Bases formed as a result of congressional legislation implementing the 2005 BRAC recommendations. The base specializes as a logistics, transportation, training, and engineering hub.

The 628th Air Base Wing (ABW) serves as the host unit of Joint Base Charleston, and is comprised of two operational groups and a wing staff directorate. The 628thth ABW provides installation support to more than 60 DoD and federal agencies serving over 90,000 Airmen, Sailors, Marines, Soldiers, Coast Guardsmen, civilians, dependents, and retirees. It also provides expeditionary Airmen to combatant commanders in support of joint and combined operations.

Other Joint Base Charleston mission partners include:

437th Airlift Wing (U.S. Air Force)

- The active duty warfighter at Joint Base Charleston – Air Base
- Direct report to Air Mobility Command overseeing an annual budget of \$32 million
- 1,800 military and civilian personnel
- Home of C-17A aircraft with 40 planes



315th Airlift Wing (U.S. Air Force Reserve)

- The associate reserve wing at Joint Base Charleston – Air Base
- Together, the 437th and 315th oversee 23% of all C-17 aircraft and perform 36% of the C-17 workload.

841st Transportation Battalion (U.S. Army Reserve)

- The busiest military transportation terminal in the U.S. Army specializing in handling Large Medium Speed RO/RO Vessels
- Primary cargo distribution provider for XVIII Airborne Corps, 82nd Airborne Div, 3rd ID, II MEF, 10th Mountain Div

Army Strategic Logistics Activity Command (U.S. Army Reserve)

- Direct maintainer site of pre-positioned stock for APS-3 (Afloat) fleet
- Government-owned, contractor-operated/ strategically co-located to work closely with 841st Transportation Battalion

Naval Consolidated Brig Charleston (U.S. Navy)

- Military penitentiary for military prisoner inmates from all services
- Ranked as #1 Most Effective Prison in North America – public or private institutions
- 400 cells with housing capacity of 288 inmates

Naval Health Clinic Charleston (U.S. Navy)

- Provides quality health services for approximately 12,000 joint service enrollees
- Joint service operations with U.S. Veterans Administration

Navy Munitions Command (U.S. Navy)

- Assembles, provides and maintains ordnance, explosives and mines for Department of Defense operations as required
- Host unit for Mine Assembly Team Eleven for training, assembly and final preparation of mines for global mine deployment

Naval Nuclear Power Training Command (U.S. Navy)

- Only site in the U.S. Navy that educates all U.S. Navy personnel that will be operators of nuclear propulsion power plants on board U.S. Navy vessels
- Combined site of Nuclear Power School and Nuclear Field “A” School on state-of-the-art secure campus
- College campus atmosphere with 3,500 officer and enlisted students and 500 staff



Naval Nuclear Power Training Unit (U.S. Navy)

- One of two sites in the U.S. Navy that provides follow-up instruction and training for Nuclear Power School graduates at Naval Nuclear Power Training Command
- Intensive hands-on training on moored training ships with live nuclear powerplants on board
- Proto-type site with 1,500 officers and enlisted trainees cycled in 24 week rotations

Space and Naval Warfare Center Systems Center Atlantic (U.S. Navy)

- Atlantic headquarters site for the rapid delivery support solutions that enable information dominance for naval, joint, national and coalition warfighters
- Enables C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance), Business IT and Cyberspace operations to provide information dominance to the warfighter
- Staff of 127 military, 3,600 federal civilian contractors. Supports 80+ local defense contractors with an additional workforce of 8,000.

Joint Base Charleston is comprised of over 23,000 non-contiguous acres and includes 22 miles of coastal shoreline and 34 miles of active rail. The base shares runways with the Charleston International Airport and with Boeing South Carolina, an assembly site for the 787 Dreamliner. There are more than 1,800 facilities, 1,600 on-base homes, childcare facilities, and a large medical clinic on both the Weapons Station and Air Base.

Joint Base Charleston also has 2,400 acres at an off-site training facility, North Auxiliary Airfield, located in Orangeburg County, South Carolina, 3 miles from the Town of North, South Carolina. This base is operated by the 628th Civil Engineer Squadron in support of the 437th and 315th Airlift Wings C-17 Globemaster III training.

Economic Impact

The total economic impact of Joint Base Charleston on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$8.7 billion in economic activity annually, as illustrated in Table 1. This is associated with approximately 50,303 jobs and \$3.6 billion in labor income.

Table 1 – Economic Impact of Joint Base Charleston on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	20,653	\$2.1 billion	\$4.5 billion
Multiplier Effect	29,650	\$1.5 billion	\$4.2 billion
<hr/>			



Total Effect	50,303	\$3.6 billion	\$8.7 billion
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The 10 industrial sectors that are impacted the most by Joint Base Charleston are listed below in Table 2, along with the specific levels of annual economic activity associated with each.

Table 2 – Economic Impact of Joint Base Charleston on South Carolina by Industrial Sector

Note: In Millions of Dollars

Computer related services	\$629.73
Architectural, engineering, and related services	\$459.99
All other professional, scientific, and technical services	\$254.98
Imputed rental activity for owner-occupied dwellings	\$194.92
Maintenance and repair construction	\$182.49
Real estate establishments	\$166.75
Insurance carriers	\$121.77
Wholesale trade	\$113.85
Medical and diagnostic labs and outpatient and other ambulatory care services	\$99.77
Hospitals	\$89.23

Of the \$8.7 billion in economic activity that is supported by Joint Base Charleston statewide, the majority of that activity is concentrated within the Charleston region.⁵ Table 3 specifically highlights the economic impact of Joint Base Charleston on the Charleston region.

Table 3 – Economic Impact of Joint Base Charleston on the Charleston Region

	Employment	Labor Income	Economic Output
Direct Effect	20,653	\$2.1 billion	\$4.3 billion
Multiplier Effect	26,691	\$1.3 billion	\$2.3 billion
Total Effect	47,344	\$3.4 billion	\$6.6 billion

The economic impact of Joint Base Charleston on the Charleston region also extends to many industrial sectors. Table 4 highlights the 10 most impacted sectors and the annual economic activity associated with each.

⁵ The Charleston region is comprised of Berkeley, Charleston, and Dorchester counties.



Table 4 – Economic Impact of Joint Base Charleston on the Charleston Region by Industrial Sector

Note: In Millions of Dollars

Computer related services	\$477.73
Architectural, engineering, and related services	\$348.96
All other professional, scientific, and technical services	\$193.43
Imputed rental activity for owner-occupied dwellings	\$147.87
Maintenance and repair construction	\$138.44
Real estate establishments	\$126.50
Insurance carriers	\$92.38
Wholesale trade	\$86.37
Medical and diagnostic labs and outpatient and other ambulatory care services	\$75.69
Hospitals	\$67.69

Economic Impact: U.S. Coast Guard

Background

The U.S. Coast Guard is the branch of the military responsible for safeguarding the maritime interests of the United States all around the world. Specifically, the primary missions of the Coast Guard include each of the following: managing ports, waterways, and coastal security; aiding in navigation, search, and rescue; overseeing living marine resources; marine safety; defense readiness; marine environmental protection; and aiding and assisting law enforcement.

The Charleston Coast Guard Sector is located in the southern most part of the city that surrounds the waterfront area. This location ideally positions the Sector for its seagoing missions and for a variety of shore-based activities. The Charleston Sector oversees and manages three cutters, three Aids to Navigation (ATON) teams, and four small boat stations (located in Georgetown, Charleston, Tybee Island, GA, and Brunswick, GA). The Sector includes approximately 800 permanent active-duty personnel as well as 150 reserve officers. This translates to approximately 935 full-time equivalent (FTE) jobs – the total economic impact of which is outlined below.

Economic Impact

The total economic impact of the Coast Guard on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$150.7 million in economic activity annually, as illustrated in Table 5. This is associated with approximately 1,340 jobs and \$66.2 million in labor income.

Table 5 – Economic Impact of the U.S. Coast Guard on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	935	\$49.1 million	\$97.3 million
Multiplier Effect	405	\$17.1 million	\$53.4 million
<hr/>			
Total Effect	1,340	\$66.2 million	\$150.7 million



The 10 industrial sectors that are impacted the most by the Coast Guard are listed below in Table 6, along with the specific levels of annual economic activity associated with each.

Table 6 – Economic Impact of the U.S. Coast Guard on South Carolina by Industrial Sector

Note: In Millions of Dollars

Real estate establishments	\$8.4
Hospitals	\$7.9
Monetary authorities and depository credit intermediation activities	\$2.4
Maintenance and repair construction	\$2.2
Food services and drinking places	\$2.0
Insurance carriers	\$1.7
Wholesale trade	\$1.6
Medical and diagnostic labs and outpatient and other ambulatory care services	\$1.4
Telecommunications	\$0.8
Electric power generation, transmission, and distribution	\$0.7

Economic Impact: U.S. Army Corps of Engineers

Background

The primary mission of the U.S. Army Corps of Engineers (ACE) is to provide public and military engineering services in support of the nation's security. In South Carolina, the ACE operates a Charleston District that engages in a variety of civil works, military construction, navigation services, emergency management (including hurricane safety), and water safety projects. Specifically, the Charleston District has approximately 220 employees that manage and execute about \$250 million in construction projects and programs annually. These include (1) a regulatory division that deals with permitting actions; (2) various construction and operations divisions that provide service to military bases throughout South Carolina as well as other federal agencies; and (3) work specifically related to the deepening of the Charleston Harbor, one of 15 designated strategic commercial seaports prepared to support force deployment during contingencies and other defense emergencies.⁶

Economic Impact

The total economic impact of the ACE on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$58.3 million in economic activity annually, as illustrated in Table 7. This is associated with approximately 451 jobs and \$27.2 million in labor income.

⁶ Source: National Port Readiness Network (NPRN)
(<https://www.marad.dot.gov/ports/national-port-readiness-network-nprn>)



Table 7 – Economic Impact of the Army Corps of Engineers on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	220	\$17.5 million	\$29.8 million
Multiplier Effect	231	\$9.7 million	\$28.5 million
<hr/>			
Total Effect	451	\$27.2 million	\$58.3 million

The 10 industrial sectors that are impacted the most by the ACE are listed below in Table 8, along with the specific levels of annual economic activity associated with each.

Table 8 – Economic Impact of the Army Corps of Engineers on South Carolina by Industrial Sector

Note: In Millions of Dollars

Real estate	\$4.2
Monetary authorities and depository credit intermediation activities	\$1.5
Employment services	\$1.3
Management consulting services	\$1.2
Food services and drinking places	\$1.2
Insurance carriers	\$1.1
Medical and diagnostic labs and outpatient and other ambulatory care services	\$1.0
Wholesale trade	\$0.8
Legal services	\$0.4
Telecommunications	\$0.4



Economic Impact: The South Carolina Ports Authority as a Military Asset



One of the reasons that South Carolina has such a large military presence relative to other states is because of the existing infrastructure assets that actively support the major military installations. These assets are important for at least two reasons. First – these assets help the current military installations to carry out missions effectively. Second – these assets help South Carolina to attract future defense-related investments.

One of the most important military assets that currently exist in South Carolina is the South Carolina Ports Authority (SCPA). Founded in 1942, the stated mission of the SCPA is to “...promote, develop, and facilitate waterborne commerce to meet the current and future needs of its customers, and for the economic benefit of the citizens and businesses of South Carolina.” The SCPA currently owns and operates public marine terminals at two port facilities: the Port of Charleston and the Port of Georgetown. It also owns and operates a separate Inlands Port located in Greer that connects to the Port of Charleston. Further, an Inland Port in Dillon is currently under construction. The Port of Charleston is one of 15 designated strategic commercial seaports prepared to support force deployment during contingencies and other defense emergencies. The largest military-based activity currently tied directly to the SCPA is the shipment of set-up military vehicles via the Naval Weapons Station TC Dock. This operation is run by the U.S. Army’s 841st Transportation Battalion. This resource has been especially important during the war efforts in Afghanistan and Iraq.





The
Midlands Region
Regional Ranking: #2

Annual Economic Impact: \$4.1 billion
Number of Jobs Supported: 37,163
Labor Income Generated: \$1.7 billion



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
16,114	81,086	15,469	3,431

The Midlands Region contains the second largest military presence in South Carolina, with an annual economic impact of approximately \$4.1 billion that is supported by 37,163 jobs. This impact includes Fort Jackson, portions of the S.C. National Guard including the McEntire Joint National Guard Base, as well as DoD



contractors, military retirees and veterans, and the U.S. Army Reserve. The economic impact of the military facilities located in the Midlands is detailed below.

Economic Impact: Fort Jackson

Background

Fort Jackson was initially known as the “Sixth National Cantonment” after its establishment on June 2, 1917, referring to the fact that it was one of sixteen national cantonments that were constructed to support the United States’ effort in World War I. The initial site comprised nearly 1,200 acres, which were donated by the city of Columbia. Three months after construction began, 8,000 draftees arrived for training and the first military unit – known as the 81st “Wildcat Division” – was established under Major General C.H. Barth, the first official commander. This Division was merged with the 30th “Old Hickory” Division, which later sent more than 45,000 troops to France as part of the America Expeditionary Forces.

Following World War I, control of Fort Jackson reverted to the Cantonment Lands Commission – which lasted from 1925 until 1939. Due to new demands of war, in 1939 Fort Jackson returned to federal control and was organized as an infantry-training center. More than 500,000 men who served in World War II received some form of training at Fort Jackson.

Fort Jackson steadily grew throughout the 1940s and into 1950s due to World War II and the Korean conflict, but most of the buildings used on the base were temporary. In 1964, however, construction of the first steel and concrete buildings began in order to replace temporary wooden barracks that had previously provided housing for all troops. In the 1970s, the establishment of an all-volunteer army provided the catalyst for additional construction activities. Facilities were modernized and services improved to make military life more attractive to civilians.

In 1973, Fort Jackson was officially designated as a U.S. Army Training Center, with its official mission to transform volunteers into soldiers able to function effectively in their first unit of assignment, as well as to train and educate military and civilian leaders and provide the highest possible quality of life for soldiers and their families.

Today, Fort Jackson has become the largest and most active Initial Entry Training Center. Fort Jackson trains 54 percent of the Army’s Basic Combat Training (BCT) load and 61 percent of all women entering the army. BCT is a ten-week course that trains soldiers in rifle marksmanship, basic medical training, physical training, and other essential combat skills for soldiers. BCT is provided to nearly 45,000 soldiers at Fort Jackson each year. However, Fort Jackson will have their 11th training battalion fully operational and may train up to 54,000 Soldiers in 2018.

Fort Jackson also provides advanced training on an annual basis to 5,000 soldiers – known as Advanced Individual Training (AIT) – where these soldiers earn their



Adjutant General (AG), Financial Management (FM), or Chaplain's Assistants Military Operational Specialty (MOS). Fort Jackson provides additional professional education training to over 24,000 students in other advanced schools, including: The Army's Drill Sergeant, Master Fitness and Master Resiliency Schools; the Soldier Support Institute and their AG School and FM Schools for both Officer and Enlisted training, Non-Commissioned Officers Academy, and Inter-Service Postal Training Activity; the National Center for Credibility Assessment (NCCA); and the Armed Forces Chaplaincy Center where the Army and Navy trains their Chaplains. The Navy Operational Support Center (NOSC) (formerly Naval Reserve Center), is staffed by Full Time Support (FTS) personnel, where the Naval Reserve sailors come to do their weekend drills. Fort Jackson also hosts a Military Entrance Processing Station (MEPS), one of only a few located on a military installation, to process individuals for enlistment or induction into the Armed Services, based on DoD-approved peacetime and mobilization standards. Additionally, the U.S. Army Reserve has numerous units which reside on Fort Jackson, including the 81st Regional Support Command and various Adjutant General, Civil Affairs, Engineer, Judge Advocate, Medical, Army Liaison Detachment, Ordnance, Psychological Operations, Military Police, and BCT Brigade, BCT Battalion, and BCT support units.

Approximately 15,000 acres of the 52,000-acre base are licensed to the South Carolina Army National Guard (SCARNG), which operates the McCrady National Training Center (MTC). The MTC is responsible for training members of the SCARNG and is the central location that Fort Jackson uses Task Force Marshall, comprised of U.S. Army Reserve Drill Sergeants, to train over 2,000 Navy and Air Force Personnel deploying as Individual Augmentees, annually.

Fort Jackson also provides numerous support services for soldiers and their families, including the Moncrief Army Health Clinic – located on the base to serve as medical support. It provides primary care services, as well as immunization services, lab services, radiology services, and some behavioral health services. The clinic services personnel and families assigned to Fort Jackson, Shaw Air Force Base, and the many thousands of military retirees living in the Midlands. Fort Jackson also hosts two Department of Defense elementary schools, two bowling alleys, park and picnic areas, a sport-shooting range, a recreational water park, a 36-hole golf course, as well as a variety of other recreational activities.

Economic Impact

The largest source of Fort Jackson's economic impact derives from its base operations. In-state procurement and payroll employment (military and civilian) to support these operations provide a direct injection of funding into the local economy. These dollars come from the federal government, and therefore represent new sources of spending from outside of the state.

Out-of-state military and civilian visitors to Fort Jackson also introduce new spending to the local economy. Approximately 225,000 people visit Fort Jackson



every year, which includes friends and families of soldiers and various personnel visiting for official reasons. The majority of visitors to Fort Jackson do so to attend one of the base's graduation ceremonies. These visitors spend money off the base at a variety of local vendors (e.g., restaurants, hotels), which provides an additional net gain to economic activity. All impacts resulting from visitor spending activity represent *induced economic multiplier effects*. In other words, these impacts derive exclusively from increased economic activity among local vendors that results from increased household spending by individuals (visitors) in the local region.

Table 9 below highlights the total economic impact on South Carolina that results from all base operations at Fort Jackson as well as all out-of-state visitor spending.

Table 9 – Economic Impact of Fort Jackson on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	7,620	\$553.2 million	\$971.4 million
Multiplier Effect	12,401	\$499.4 million	\$1.3 billion
Total Effect	20,021	\$1.1 billion	\$2.3 billion

The approximately \$971 million in annual economic activity that is directly supported by Fort Jackson leads to an additional \$1.3 billion in economic multiplier effects. This is the result of increased demand for goods and services of local suppliers and additional household spending that results from the \$971 million in procurement activity by Fort Jackson.

The combination of the direct and multiplier effect leads to a total impact of \$2.3 billion on the state of South Carolina. This economic activity is associated with 20,021 jobs and approximately \$1.1 billion in labor income.

Fort Jackson's economic impact on South Carolina also extends to many industrial sectors. Table 10 highlights the 10 most impacted sectors and the annual economic activity associated with each.

Table 10 – Economic Impact of Fort Jackson on South Carolina by Industrial Sector

Note: In Millions of Dollars

Medical and diagnostic labs and outpatient and other ambulatory care services	\$252.46
Retail Stores – General merchandise	\$174.73
Construction of other new nonresidential structures	\$89.33
Real estate establishments	\$89.23
Monetary authorities and depository credit intermediation activities	\$69.02
Food services and drinking places	\$55.45
Insurance carriers	\$54.31
Electric power generation, transmission, and distribution	\$38.45
Hospitals	\$38.24
Employment services	\$35.34



Of the \$2.3 billion in economic activity that is supported by Fort Jackson statewide, the majority of that activity is concentrated within the Midlands region.⁷ Table 11 specifically highlights the economic impact of Fort Jackson on the Midlands region.

Table 11 – Economic Impact of Fort Jackson on the Midlands Region

	Employment	Labor Income	Economic Output
Direct Effect	7,620	\$553.2 million	\$916.9 million
Multiplier Effect	9,661	\$446.1 million	\$1.1 billion
<hr/>			
Total Effect	17,281	\$999.3 million	\$2.0 billion

The approximately \$917 million in annual economic activity that is directly supported by Fort Jackson leads to an additional \$1.1 billion in economic multiplier effects. Once again, this is the result of increased demand for goods and services of local suppliers and additional household spending that results from the \$917 million in procurement activity by Fort Jackson.

Fort Jackson’s economic impact on the Midlands region also extends to many industrial sectors. Table 12 highlights the 10 most impacted sectors and the annual economic activity associated with each.

Table 12 – Economic Impact of Fort Jackson on the Midlands Region by Industrial Sector

Note: In Millions of Dollars

Medical and diagnostic labs and outpatient and other ambulatory care services	\$225.95
Retail Stores – General merchandise	\$156.45
Construction of other new nonresidential structures	\$79.95
Real estate establishments	\$79.84
Monetary authorities and depository credit intermediation activities	\$61.81
Food services and drinking places	\$49.65
Insurance carriers	\$48.53
Electric power generation, transmission, and distribution	\$34.35
Hospitals	\$34.25
Employment services	\$31.71

⁷ The Midlands region is comprised of Lexington, Richland, Kershaw, Calhoun, Fairfield, Newberry, Orangeburg, and Saluda counties.



Economic Impact: McEntire Joint National Guard Base

Background

McEntire Joint National Guard Base (JNGB) is a federal military installation operated by the SC Air National Guard (SCANG). McEntire JNGB covers approximately 2,400 acres in eastern Richland County, and is located approximately 10 miles west of the town of Eastover and approximately 15 miles southeast of the city of Columbia.

McEntire JNGB is the home of over 60 SCANG and SC Army National Guard (SCARNG) military aircraft including their inventory of F-16s Block 52 Fighting Falcons, AH-64D Apache Longbow attack helicopters and UH-60L Blackhawk multi-role helicopters; and over 2,400 Soldiers, Airmen and civilians. It is the only base in the State under the control of the Governor, and is available for support to the Governor, state leadership, and the SC National Guard (SCNG) as required within appropriate regulations and laws.

The base was previously known as Congaree Air Base and was used in World War II as a Marine Corps training base and is now home to the 169th Fighter Wing of the SCANG, and the following elements of the SCARNG: 59th Aviation Troop Command; Headquarters and select units of the 59th Troop Command; Headquarters, 678th Air Defense Artillery Brigade; 125th Cyber Operations Battalion; Army Aviation Support Facility #1, and the SCNG Combined Support Maintenance Shop (CSMS), with a total drilling population of over 2,000 members of the SCNG.

The South Carolina Air National Guard

The majority of the SCANG trains and operates out of McEntire Joint National Guard Base (JNGB). McEntire JNGB is the home of over 60 SCANG and SCARNG military aircraft; and over 2,400 Soldiers, Airmen and civilians. It is the only base in the State under the control of the Governor, and is available for whatever support the Governor, state leadership, and the SCNG require within appropriate regulations and laws.

The base was previously known as Congaree Air Base and was used in World War II as a Marine Corps training base and is now home to the 169th Fighter Wing of the SCANG, whose mission is to maintain wartime readiness and the ability to mobilize and deploy expeditiously to carry out tactical air missions or combat support activities. Also at McEntire JNGB are the following elements of the SCARNG: 59th Aviation Troop Command; Headquarters and select units of the 59th Troop Command; Headquarters, 678th Air Defense Artillery Brigade; 125th Cyber Operations Battalion; Army Aviation Support Facility #1, and the SCNG Combined Support Maintenance Shop (CSMS), with a total drilling population of over 2,000 members of the SCNG.



Economic Impact

The total economic impact of McEntire JNGB on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$140.6 million in economic activity annually, as illustrated in Table 13. This is associated with approximately 2,614 jobs and \$104.6 million in labor income.

Table 13 – Economic Impact of McEntire Joint National Guard Base on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	2,029	\$82.1 million	\$112.5 million
Multiplier Effect	585	\$22.5 million	\$28.1 million
<hr/>			
Total Effect	2,614	\$104.6 million	\$140.6 million

The 10 industrial sectors that are impacted the most by McEntire JNGB are listed below in Table 14, along with the specific levels of annual economic activity associated with each.

Table 14 – Economic Impact of McEntire Joint National Guard Base on South Carolina by Industrial Sector

Note: In Millions of Dollars

Architectural, engineering, and related services	\$14.72
Real estate establishments	\$13.47
Computer related services	\$10.27
Maintenance and repair construction	\$8.27
Retail Stores – General merchandise	\$7.12
Medical and diagnostic labs and outpatient and other ambulatory care services	\$4.88
Monetary authorities and depository credit intermediation activities	\$3.98
Wholesale trade	\$2.67
Insurance carriers	\$2.53
Electric power generation, transmission, and distribution	\$1.51

Of the \$140.6 million in economic activity that is supported by McEntire JNGB statewide, the majority of that activity is concentrated within the Midlands region. Table 15 specifically highlights the economic impact of McEntire JNGB on the Midlands region.

Table 15 – Economic Impact of McEntire Joint National Guard Base on the Midlands Region

	Employment	Labor Income	Economic Output
Direct Effect	2,029	\$82.1 million	\$106.1 million
Multiplier Effect	551	\$21.2 million	\$26.5 million
<hr/>			
Total Effect	2,580	\$103.4 million	\$132.6 million



The approximately \$106.1 million in annual economic activity that is directly supported by McEntire JNGB leads to an additional \$26.5 million in economic multiplier effects. Once again, this is the result of increased demand for goods and services of local suppliers and additional household spending that results from the \$106.1 million in procurement activity by McEntire JNGB.

The 10 industrial sectors that are impacted the most by McEntire JNGB are listed below in Table 16, along with the specific levels of annual economic activity associated with each.

Table 16 – Economic Impact of McEntire Joint National Guard Base on the Midlands Region by Industrial Sector

Note: In Millions of Dollars

Architectural, engineering, and related services	\$13.88
Real estate establishments	\$12.70
Computer related services	\$9.69
Maintenance and repair construction	\$7.80
Retail Stores – General merchandise	\$6.71
Medical and diagnostic labs and outpatient and other ambulatory care services	\$4.60
Monetary authorities and depository credit intermediation activities	\$3.75
Wholesale trade	\$2.51
Insurance carriers	\$2.38
Electric power generation, transmission, and distribution	\$1.42





The Sumter Region ***Regional Ranking: #3***

Annual Economic Impact: \$2.5 billion
Number of Jobs Supported: 17,085
Labor Income Generated: \$1.2 billion



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
5,276	16,381	4,412	687

The Sumter Region contains the third largest military presence in South Carolina, with an annual economic impact of approximately \$2.5 billion that is supported by 17,085 jobs. This impact includes the Shaw Air Force Base, and the U.S. Army Central Command as well as DoD contractors, military retirees and veterans, and portions of the South Carolina National Guard and the U.S. Army Reserve. The economic impact of the military facilities located in the Sumter Region is detailed below.



Economic Impact: Shaw Air Force Base (AFB)

Background

Shaw Air Force Base (AFB) was built in 1941 in Sumter, South Carolina and is one of the oldest regional Unified Combatant Commands in the U.S. Air Force.

Approximately 7,000 active duty and reserve personnel are assigned to this base, with the majority of those personnel living off base. More than 1,000 civilians also work on base. Shaw's host unit is the 20th Fighter Wing, the largest F-16 combat wing in the Air Force and the only defense suppression wing in the United States. In 2011, this wing flew more than 21,000 hours, which was more than any other fighter wing in the Air Force. This record pace continues today.

The 20th Fighter Wing operates over 80 F-16CM fighter aircraft in conventional and anti-radiation suppression of enemy air defenses, strategic attack, counter air, air interdiction, joint maritime operations, and combat search-and-rescue missions. It also provides personnel, facilities, and materials for Shaw AFB's diverse operations. Shaw AFB is also home to the Headquarters of Ninth Air Force, U.S. Air Forces Central (AFCENT). Ninth Air Force is responsible for ensuring the agile combat support capabilities of eight wings and three direct reporting units. These units encompass more than 350 aircraft and 28,000 active-duty and civilian personnel. The Ninth Air Force is also responsible for the operational readiness of 16 Ninth Air Force-gained National Guard and Air Force Reserve units. AFCENT is the air component of United States Central Command, a regional unified command. It is responsible for air operations (either unilaterally or in concert with coalition partners) and developing contingency plans in support of national objectives for USCENTCOM's 20-nation area of responsibility in Southwest Asia.

Additionally, the headquarters for U.S. Army Central (ARCENT), sometimes referred to as Third Army, transferred to Shaw in June, 2006 as a result of the 2005 BRAC. It is the Army component of USCENTCOM and the Coalition Forces Land Component Command.

ARCENT has been resident in the Middle East for the past twenty-plus years, including Kuwait (Desert Shield/Storm), Afghanistan and Iraq (Operation Enduring Freedom and Operation Iraqi Freedom).

The Air Force has indicated a preference for Shaw to become the East Coast operational location for the new F-35A aircraft when the F-16s are phased out of service. Additionally, in January, 2017 the Air Force chose Shaw as the preferred location to support a MQ-9 Reaper (remotely piloted aircraft) unit. The MQ-9 unit is expected to consist of approximately 430 personnel. The new Reaper mission, when realized, will make a positive contribution to Shaw's economic impact.

Furthermore, Shaw hosts the 372nd Training Squadron (Detachment 2); 337th Recruiting Squadron; the Air Force Audit Agency (Team D, Mid-Atlantic area audit



office); the Air Force Office of Special Investigations (Detachment 212); and Air Combat Command's F-16 Aerial Demonstration Team.

Economic Impact

The total economic impact of Shaw AFB on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$2.1 billion in economic activity annually, as illustrated in Table 17. This is associated with approximately 13,988 jobs and \$1.0 billion in labor income.

Table 17 – Economic Impact of Shaw AFB on South Carolina

Note: Impact Estimates Include Impacts of ARCENT

	Employment	Labor Income	Economic Output
Direct Effect	8,067	\$828.8 million	\$1.5 billion
Multiplier Effect	5,921	\$197.8 million	\$611.4 million
<hr/>			
Total Effect	13,988	\$1.0 billion	\$2.1 billion

The 10 industrial sectors that are impacted the most by Shaw AFB are listed below in Table 18, along with the specific levels of annual economic activity associated with each.

Table 18 – Economic Impact of Shaw AFB on South Carolina by Industrial Sector

Note: Impact Estimates Include Impacts of ARCENT

Rental activity for owner-occupied dwellings	\$84.44
Food services and drinking places	\$37.72
Offices of physicians, dentists, and other health practitioners	\$35.80
Real estate establishments	\$35.70
Retail Stores – General merchandise	\$32.87
Wholesale trade businesses	\$29.23
Monetary authorities and depository credit intermediation activities	\$17.90
Telecommunications	\$16.48
Electric power generation, transmission, and distribution	\$14.87
Nursing and residential care facilities	\$11.33

Of the \$2.1 billion in economic activity that is supported by Shaw AFB statewide, the majority of that activity is concentrated within the broader Sumter region.⁸ Table 19 specifically highlights the economic impact of Shaw AFB on the Sumter region.

Table 19 – Economic Impact of Shaw AFB on the Sumter Region

Note: Impact Estimates Include Impacts of ARCENT

	Employment	Labor Income	Economic Output
Direct Effect	8,067	\$828.8 million	\$1.1 billion
Multiplier Effect	3,694	\$122.8 million	\$382.9 million
<hr/>			
Total Effect	11,761	\$951.6 million	\$1.5 billion

⁸ The Sumter region is comprised of Sumter, Lee, and Clarendon counties.



The economic impact of Shaw AFB on the Sumter region also extends to many industrial sectors. Table 20 highlights the 10 most impacted sectors and the annual economic activity associated with each.

Table 20 – Economic Impact of Shaw AFB on the Sumter Region by Industrial Sector

Notes: (1) In Millions of Dollars; (2) Impact Estimates Include Impacts of USARCENT

Rental activity for owner-occupied dwellings	\$65.83
Food services and drinking places	\$32.77
Real estate establishments	\$24.98
Retail Stores – General merchandise	\$21.44
Offices of physicians, dentists, and other health practitioners	\$19.52
Wholesale trade businesses	\$15.27
Monetary authorities and depository credit intermediation activities	\$14.26
Nursing and residential care facilities	\$7.18
Electric power generation, transmission, and distribution	\$5.36
Telecommunications	\$4.75

Economic Impact: U.S. Army Central (ARCENT)

Economic Impact

The total economic impact of ARCENT on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$245 million in economic activity annually, as illustrated in Table 21. This is associated with approximately 1,611 jobs and \$118.2 million in labor income.

Table 21 – Economic Impact of ARCENT on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	929	\$95.4 million	\$174.7 million
Multiplier Effect	682	\$22.8 million	\$70.4 million
Total Effect	1,611	\$118.2 million	\$245.1 million

The 10 industrial sectors that are impacted the most by ARCENT are listed below in Table 22, along with the specific levels of annual economic activity associated with each.



Table 22 – Economic Impact of ARCENT on South Carolina by Industrial Sector

Note: In Millions of Dollars

Rental activity for owner-occupied dwellings	\$78.70
Food services and drinking places	\$35.16
Offices of physicians, dentists, and other health practitioners	\$33.37
Real estate establishments	\$33.27
Retail Stores – General merchandise	\$30.63
Wholesale trade businesses	\$27.24
Monetary authorities and depository credit intermediation activities	\$16.68
Telecommunications	\$15.36
Electric power generation, transmission, and distribution	\$13.85
Nursing and residential care facilities	\$10.56

Of the \$245.1 million in economic activity that is supported by ARCENT statewide, the majority of that activity is concentrated within the Sumter region. Table 23 specifically highlights the economic impact of ARCENT on the Sumter region.

Table 23 – Economic Impact of ARCENT on the Sumter Region

	Employment	Labor Income	Economic Output
Direct Effect	929	\$95.5 million	\$128.1 million
Multiplier Effect	425	\$14.1 million	\$44.1 million
<hr/>			
Total Effect	1,354	\$109.6 million	\$172.2 million

The economic impact of ARCENT on the Sumter region also extends to many industrial sectors. Table 24 highlights the 10 most impacted sectors and the annual economic activity associated with each.

Table 24 – Economic Impact of ARCENT on the Sumter Region by Industrial Sector

Note: In Millions of Dollars

Rental activity for owner-occupied dwellings	\$55.25
Food services and drinking places	\$24.68
Offices of physicians, dentists, and other health practitioners	\$23.42
Real estate establishments	\$23.36
Retail Stores – General merchandise	\$21.50
Wholesale trade businesses	\$19.12
Monetary authorities and depository credit intermediation activities	\$11.71
Telecommunications	\$10.78
Electric power generation, transmission, and distribution	\$9.73
Nursing and residential care facilities	\$7.41





The Beaufort Region

Regional Ranking: #4

Annual Economic Impact: \$2.3 billion
Number of Jobs Supported: 19,460
Labor Income Generated: \$1.0 billion



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
10,087	27,285	4,137	1,329

The Beaufort Region contains the fourth largest military presence in South Carolina, with an annual economic impact of approximately \$2.3 billion that is supported by 19,460 jobs. This impact includes the Marine Corps Air Station (MCAS) Beaufort, the Marine Corps Recruit Depot (MCRD) Parris Island, and the Naval Hospital Beaufort as well as DoD contractors, military retirees and veterans, and portions of the South Carolina National Guard and the U.S. Army Reserve. The economic impact of the military facilities located in the Beaufort Region is detailed below.



Economic Impact: Marine Corps Air Station (MCAS) Beaufort

Background

The Naval Air Station Beaufort was commissioned on June 15, 1943 for advanced training operations of anti-submarine patrols during World War II. Following the war, the Air Station was deactivated between 1946 and 1956, but on March 1, 1960 it was re-designated as the Marine Corps Air Station Beaufort.

MCAS Beaufort is located three miles northwest of Downtown Beaufort and approximately 65 miles south of Charleston. The Station encompasses about 6,900 acres and is associated with a large air-to-air combat area encompassing 52,000 square miles over water off of the coast of South Carolina and Georgia. MCAS Beaufort also owns and operates the Townsend Range – an approximately 30,000 acre air-to-ground combat and bombing range in McIntosh County and Long County, GA. Townsend is the only bombing range on the East Coast capable of accommodating inert Precision Guided Munitions (PGM) training at tactical altitudes and speeds. This allows the U.S. Marine Corps to more efficiently meet current training requirements by significantly increasing the air-to-ground training capabilities at MCAS Beaufort.

MCAS Beaufort currently hosts all active duty USMC F/A-18 air operations on the East Coast with aircraft and squadrons being assigned to Marine Aircraft Group 31 (MAG-31). The installation's mission is to provide support as an operational base for MAG-31 which is comprised of six F-18 Squadrons, Marine Corps support units, and other various tenants. Squadrons out of MCAS Beaufort regularly deploy to support training and overseas combat operations.

In 2015-2016 Marine Fighter Attack Training Squadron 501 (VMFAT-501) relocated to the air station from Eglin Air Force Base, Florida to train pilots for the first operational F-35 squadron and the Marine's military instructor cadre. The F-35 is the nation's most advanced war fighting technology. MCAS Beaufort will serve as the hub for F-35B pilot training including hosting international pilots. The F-35 pilot training program at MCAS Beaufort will help to prepare "mission-ready Marines." The Air Station is also slated to receive an additional training squadron and three operational F-35 squadrons as the F-18 squadrons are inactivated through the mid to late 2020s.

The Marine Wing Support Squadron 273 (MWSS-273) provides essential aviation ground support both domestically and abroad. This support includes internal airfield communications, weather services, expeditionary airfield services, aircraft rescue and firefighting, aircraft and ground refueling, essential engineering services, motor transport, messing, chemical defense, security and law enforcement, airbase commandant functions, and explosive ordnance disposal. MWSS-273, stationed at MCAS Beaufort, provided comprehensive disaster relief support to the City of Charleston after Hurricane Hugo hit in 1989. MWSS-273 also served in support of Operation Iraqi Freedom by providing over 28 million gallons of fuel to Coalition



aircraft, over 275,000 miles of motor transport operations, 126 enemy explosive device disposals, and over 100,000 hours of heavy equipment operations.

Economic Impact

The total economic impact of MCAS Beaufort on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$787.0 million in economic activity annually, as illustrated in Table 25. This is associated with approximately 7,253 jobs and \$373.5 million in labor income.

Table 25 – Economic Impact of MCAS Beaufort on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	4,336	\$236.0 million	\$444.6 million
Multiplier Effect	2,917	\$137.5 million	\$342.4 million
<hr/>			
Total Effect	7,253	\$373.5 million	\$787.0 million

The 10 industrial sectors that are impacted the most by MCAS Beaufort are listed below in Table 26, along with the specific levels of annual economic activity associated with each.

Table 26 – Economic Impact of MCAS Beaufort on South Carolina by Industrial Sector

Note: In Millions of Dollars

Offices of physicians, dentists, and other health practitioners	\$55.71
Imputed rental activity for owner-occupied dwellings	\$30.68
Architectural, engineering, and related services	\$17.55
Computer related services	\$16.72
Scientific research and development services	\$15.90
Food services and drinking places	\$14.98
Maintenance and repair construction of nonresidential structures	\$14.88
Real estate establishments	\$14.06
Retail stores – General merchandise	\$12.21
Wholesale trade businesses	\$11.39

Of the \$787.0 million in economic activity that is supported by MCAS Beaufort statewide, the majority of that activity is concentrated within the Beaufort region.⁹ Table 27 specifically highlights the economic impact of MCAS Beaufort on this region.

Table 27 – Economic Impact of MCAS Beaufort on the Beaufort Region

	Employment	Labor Income	Economic Output
Direct Effect	4,336	\$236.0 million	\$427.8 million
Multiplier Effect	2,479	\$117.7 million	\$195.7 million
<hr/>			
Total Effect	6,815	\$353.7 million	\$623.5 million

⁹ The Beaufort region is defined as encompassing Beaufort, Jasper, Colleton, and Hampton counties.



The economic impact of MCAS Beaufort on the Beaufort region also extends to many industrial sectors. Table 28 highlights the 10 most impacted sectors and the annual economic activity associated with each.

Table 28 – Economic Impact of MCAS Beaufort on the Beaufort Region by Industrial Sector

Offices of physicians, dentists, and other health practitioners	\$44.02
Imputed rental activity for owner-occupied dwellings	\$24.21
Architectural, engineering, and related services	\$13.85
Computer related services	\$13.24
Scientific research and development services	\$12.52
Food services and drinking places	\$11.80
Maintenance and repair construction of nonresidential structures	\$11.80
Real estate establishments	\$11.08
Retail stores – General merchandise	\$9.64
Wholesale trade businesses	\$9.03



Economic Impact: Marine Corps Recruit Depot (MCRD) Parris Island



Background

On or about November 1st, 1915, Parris Island was officially designated as a Marine Corps Recruit Depot. It is the second oldest post in the Corps, junior only to the Marine Barracks at 8th and 1st Streets in Washington, DC, founded in 1801. It consists of nearly 8,100 acres (3,300 habitable) located within Port Royal, S.C., approximately five miles south of Beaufort. MCRD Parris Island is one of two MCRDs that conduct the training and making of enlisted Marines, and is also the Headquarters for the Eastern Recruiting Region (ERR). MCRD Parris Island trains male recruits from east of the Mississippi River, and 100% of female recruits from across the United States. The depot also houses a Marine Corps Drill Instructor School, an eleven and a half week course that develops the knowledge, command presence, leadership, and instructional ability of non-commissioned and staff non-commissioned officers selected for assignment to Drill Instructor duty. The School also provides training for officers that serve in leadership and supervisory positions in the recruit training companies.

MCRD Parris Island's mission statement is simple: "We make Marines by recruiting quality young men and women and transforming them through the foundations of rigorous basic training, our shared legacy, and a commitment to our Core Values, preparing them to win our Nation's battles in service to the country." In support of the transformation process, Parris Island trains an average of 19,000 recruits per year, regardless of the Marine Corps' end-strength. Since its establishment, MCRD

Parris Island has trained well over one million Marines, earning the installation the nickname “Cradle of the Corps.” Recruit training encompasses a 13-week program of values based training, with the objectives of developing in each new Marine the intangible foundations of character, discipline, esprit de corps, military bearing, and a thorough indoctrination in the tangible areas of individual general military subjects, combat tasks, and physical conditioning. Training places an emphasis on the Marine Corps’ core values of Honor, Courage, and Commitment – values that are woven into all aspects of the program of instruction.

The Marine Corps’ Eastern Recruiting Region (ERR) encompasses all states east of the Mississippi River and Puerto Rico, is responsible to the Marine Corps Recruiting Command, and executes the ERR share of the enlisted recruiting mission through operations conducted by over 20 recruiting stations located in three recruiting Districts. The ERR is also responsible for the recruitment of new officers through the Platoon Leadership Course, Officer Candidate Class, and the Naval Reserve Officer Training Corps (ROTC).

Out-of-state visitors to Parris Island also introduce new spending into the local economy, with approximately 66,600 people having visited Parris Island in 2016. The majority of these visitors did so to attend one of the Family Day and Graduation Ceremonies, which run from Wednesday afternoon through Friday noon many weeks of the year. These visitors spend money off of the base at a variety of local vendors (e.g., restaurants, hotels), which provides an additional net gain to economic activity. All impacts resulting from visitor spending represent *induced economic multiplier effects*. In other words, these impacts derive exclusively from increased economic activity among local vendors that results from increased spending by individuals (visitors) in the local region.

In 2016 Parris Island completed a relocation and construction of a new, greatly expanded and more secure entrance to the Depot. Additionally, it is scheduled to commence \$92 million in additional construction to modernize rifle ranges and completely convert from its outmoded steam HVAC plant to a new Co-Gen power plant and solar system providing electrical self-sufficiency. These recent and ongoing construction improvements have a very positive impact on the local economy.

Economic Impact

The total economic impact of MCRD Parris Island on the state of South Carolina – including all operations, in-state procurement, military and civilian payroll employment, and visitor spending – totals \$739.8 million in economic activity annually, as illustrated in Table 29. This is associated with approximately 6,130 jobs and \$344.3 million in labor income.



Table 29 – Economic Impact of MCRD Parris Island on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	2,169	\$156.2 million	\$289.0 million
Multiplier Effect	3,961	\$188.1 million	\$450.8 million
<hr/>			
Total Effect	6,130	\$344.3 million	\$739.8 million

The 10 industrial sectors that are impacted the most by MCRD Parris Island are listed below in Table 30, along with the specific levels of annual economic activity associated with each.

Table 30 – Economic Impact of MCRD Parris Island on South Carolina by Industrial Sector

Note: In Millions of Dollars

Offices of physicians, dentists, and other health practitioners	\$112.87
Imputed rental activity for owner-occupied dwellings	\$36.17
Real estate establishments	\$19.28
Food services and drinking places	\$17.87
Retail stores – General merchandise	\$17.45
Wholesale trade businesses	\$13.51
Electric power generation, transmission, and distribution	\$12.38
Services to buildings and dwellings	\$10.98
Computer related services	\$10.41
Architectural, engineering, and related services	\$10.13

Of the \$739.8 million in economic activity that is supported by MCRD Parris Island statewide, the majority of that activity is concentrated within the Beaufort region. Table 31 specifically highlights the economic impact of MCRD Parris Island on this region.

Table 31 – Economic Impact of MCRD Parris Island on the Beaufort Region

	Employment	Labor Income	Economic Output
Direct Effect	2,169	\$156.2 million	\$277.5 million
Multiplier Effect	3,487	\$169.0 million	\$324.0 million
<hr/>			
Total Effect	5,656	\$325.2 million	\$601.5 million

The economic impact of MCRD Parris Island on the Beaufort region also extends to many industrial sectors. Table 32 highlights the 10 most impacted sectors and the annual economic activity associated with each.



Table 32 – Economic Impact of MCRD Parris Island on the Beaufort Region by Industrial Sector

Offices of physicians, dentists, and other health practitioners	\$91.71
Imputed rental activity for owner-occupied dwellings	\$29.44
Real estate establishments	\$15.67
Food services and drinking places	\$14.59
Retail stores – General merchandise	\$14.18
Wholesale trade businesses	\$10.94
Electric power generation, transmission, and distribution	\$10.13
Services to buildings and dwellings	\$8.91
Computer related services	\$8.51
Architectural, engineering, and related services	\$8.24

Economic Impact: Naval Hospital Beaufort

Background

The Naval Hospital (NH) Beaufort, located on 127 acres of land in Port Royal, South Carolina, was commissioned on April 29, 1949. NH Beaufort serves both MCRD Parris Island and MCAS Beaufort and is one of only a few hospitals that is within its own complex rather than within a larger base.

NH Beaufort provides general medical, surgical, and emergency services to all active duty Navy and Marine Corps personnel as well as retired military personnel and all military dependents residing in the Beaufort area. Accredited by the Joint Commission, NH Beaufort serves a total population of nearly 35,000 beneficiaries with a commitment to continuously meet rigorous national and worldwide health care standards. The hospital’s mission statement is “To be a committed partner in the delivery of quality and compassionate patient and family centered health care while maintaining operational readiness.”

NH Beaufort consists of the hospital and two Branch Health Clinics at MCRD Parris Island and MCAS Beaufort. The NH Beaufort grounds include privatized family housing units, Bachelor Enlisted Quarters, a Navy Exchange retail store, a gas station/mini mart, and a Navy Federal Credit Union. Recreational facilities include a softball field, swimming pool, racquetball and basketball courts, outdoor fitness course, a gym, fishing pier, and a children’s playground.

Economic Impact

The total economic impact of NH Beaufort on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$217.4 million in economic activity annually, as illustrated in Table 33. This is associated with approximately 1,519 jobs and \$103.7 million in labor income.



Table 33 – Economic Impact of the Naval Hospital Beaufort on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	968	\$83.4 million	\$157.3 million
Multiplier Effect	551	\$20.3 million	\$60.1 million
<hr/>			
Total Effect	1,519	\$103.7 million	\$217.4 million

The 10 industrial sectors that are impacted the most by NH Beaufort are listed below in Table 34, along with the specific levels of annual economic activity associated with each.

Table 34 – Economic Impact of the Naval Hospital Beaufort on South Carolina by Industrial Sector

Note: In Millions of Dollars

Imputed rental activity for owner-occupied dwellings	\$8.57
Food services and drinking places	\$3.81
Offices of physicians, dentists, and other health practitioners	\$3.60
Real estate establishments	\$3.39
Wholesale trade businesses	\$2.96
Electric power generation, transmission, and distribution	\$1.80
Monetary authorities and depository credit intermediation activities	\$1.69
Telecommunications	\$1.69
Retail Stores – General merchandise	\$1.16
Nursing and residential care facilities	\$1.16

Of course, as with both MCAS Beaufort and MCRD Parris Island, the majority of the total economic activity that is supported by NH Beaufort statewide is also concentrated within the Beaufort region. Table 35 specifically highlights the economic impact of NH Beaufort on this region.

Table 35 – Economic Impact of the Naval Hospital Beaufort on the Beaufort Region

	Employment	Labor Income	Economic Output
Direct Effect	968	\$83.4 million	\$115.1 million
Multiplier Effect	367	\$13.8 million	\$44.5 million
<hr/>			
Total Effect	1,335	\$97.2 million	\$159.6 million

The economic impact of NH Beaufort on the Beaufort region also extends to many industrial sectors. Table 36 highlights the 10 most impacted sectors and the annual economic activity associated with each.



Table 36 – Economic Impact of the Naval Hospital Beaufort on the Beaufort Region by Industrial Sector

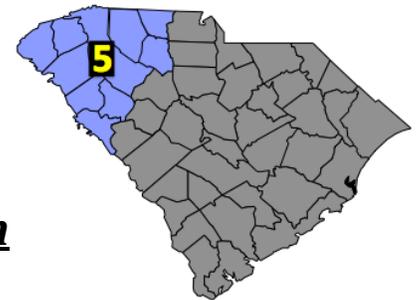
Imputed rental activity for owner-occupied dwellings	\$6.24
Food services and drinking places	\$2.75
Offices of physicians, dentists, and other health practitioners	\$2.64
Real estate establishments	\$2.43
Wholesale trade businesses	\$2.22
Electric power generation, transmission, and distribution	\$1.27
Monetary authorities and depository credit intermediation activities	\$1.27
Telecommunications	\$1.27
Retail Stores – General merchandise	\$0.85
Nursing and residential care facilities	\$0.85





The Upstate Region ***Regional Ranking: #5***

Annual Economic Impact: \$2.2 billion
Number of Jobs Supported: 19,997
Labor Income Generated: \$818.8 million



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
4,086	108,225	9,853	324

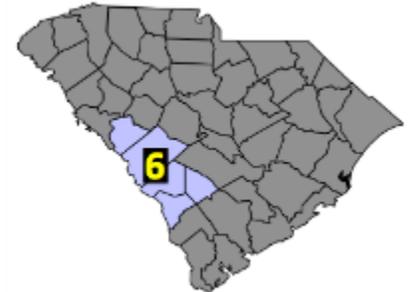
The Upstate Region delivers the fifth largest military footprint in South Carolina, with an annual economic impact of approximately \$2.2 billion that is supported by 19,997 jobs. This impact includes **a high volume of DoD contracts being executed at many private sector firms**, a large presence of military retirees and veterans, and the U.S. Army Reserve. The South Carolina National Guard has a Major General commanding the 263rd Army Air Missile Defense Command (AAMDC) in Anderson, S.C., responsible for the aerospace security over the National Capitol Region around Washington, DC supporting the North American Aerospace Defense Command and U.S. Northern Command (NORAD/NORTHCOM); the 228th Theater Tactical Signal Brigade (TTSB) is located in Spartanburg and is the largest theater tactical signal brigade of the U.S. military's reserve component; and operates an Army Aviation Support Facilities (AASF) at Donaldson Field Airport in Greenville, S.C. where they have their contingent of CH-47F Chinook heavy lift helicopters and UH-72A Lakota light lift helicopters. In addition, in March 2017 Lockheed Martin announced that it is moving the production of its F-16 fighter jets to Greenville, South Carolina.





***The
Aiken/North Augusta Region
Regional Ranking: #6***

Annual Economic Impact: \$776.3 million
Number of Jobs Supported: 5,649
Labor Income Generated: \$285.3 million



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
515	21,419	2,378	32

The Aiken/North Augusta Region contains the sixth largest military presence in South Carolina, with an annual economic impact of approximately \$776 million that is supported by 5,649 jobs. This impact includes the Savannah River Site's National Nuclear Security Administration (NNSA), various DoD contractor activities, South Carolina military retirees and veterans, and portions of the South Carolina National Guard and the U.S. Army Reserve. In addition, there are likely some residual economic impacts from Fort Gordon – located in the city of Augusta, Georgia – due to the fact that some military personnel working at Fort Gordon live in South Carolina. Because this residual impact is difficult to quantify it was not included as part of this report. Nevertheless, Fort Gordon is rapidly expanding and adding to the



U.S. Army's Cyber Command. It is therefore likely to have a larger impact on South Carolina's economy in the future.

Economic Impact: National Nuclear Security Administration (NNSA)

Background

The NNSA is an agency housed within the U.S. Department of Energy and is responsible for enhancing national security through the military application of nuclear science. The NNSA works to maintain the safety, security, and effectiveness of the U.S. nuclear weapons stockpile without nuclear testing, works to reduce the global danger from weapons of mass destruction, provides the U.S. Navy with safe and effective nuclear propulsion, and responds to nuclear emergencies in the U.S. and abroad.¹⁰ The NNSA partners with the Savannah River Site (SRS) – located in Aiken, South Carolina – in order to carry out this mission. Over \$200 million in federal funding from the Department of Defense (DoD) is allocated to the Savannah River Site every year for various NNSA-related programs.

The goals of the NNSA, working through the SRS, during the 2017 fiscal year include:

- Supporting the Secretary of Energy's goal of addressing the highest nuclear infrastructure risks and halting the growth of deferred maintenance through an increased number of infrastructure and process improvement projects
- Completing various nuclear stockpile maintenance, evaluation, and tritium R&D activities to support U.S. nuclear deterrence
- Enhancing security among the SRS Tritium Facilities

Economic Impact

The total economic impact of the NNSA on the state of South Carolina – including all operations, in-state procurement, and payroll employment – totals \$411.3 million in economic activity annually, as illustrated in Table 37. This is associated with approximately 2,356 jobs and \$155.0 million in labor income.¹¹

Table 37 – Economic Impact of the National Nuclear Security Administration on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	1,113	\$102.3 million	\$242.0 million
Multiplier Effect	1,243	\$52.7 million	\$169.3 million
Total Effect	2,356	\$155.0 million	\$411.3 million

The 10 industrial sectors that are impacted the most by the NNSA are listed below in Table 38, along with the specific levels of annual economic activity associated with each.

¹⁰ See <http://nnsa.energy.gov> for more details

¹¹ Note that these estimates only reflect unclassified spending activity.



Table 38 – Economic Impact of the National Nuclear Security Administration on South Carolina by Industrial Sector

Note: In Millions of Dollars

Scientific research and development services	\$63.6
Environmental and other technical consulting services	\$60.9
Real estate establishments	\$28.8
Monetary authorities and depository credit intermediation activities	\$9.9
Power boiler and heat exchanger manufacturing	\$7.9
Wholesale trade	\$5.6
Architectural, engineering, and related services	\$5.3
Management consulting services	\$5.2
Legal services	\$5.1
Insurance carriers	\$4.9



The



Grand Strand Region
Regional Ranking: #7

Annual Economic Impact: \$642.5 million
Number of Jobs Supported: 5,798
Labor Income Generated: \$232.4 million



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
371	35,058	3,810	17

The Grand Strand Region contains the seventh largest military presence in South Carolina, with an annual economic impact of approximately \$643 million that is supported by 5,798 jobs. This impact includes various DoD contractor activities, military retirees and veterans, and portions of the South Carolina National Guard and the U.S. Army Reserve.



The Hill



Rock

Region

Regional Ranking: #8

Annual Economic Impact: \$460.8 million

Number of Jobs Supported: 4,206

Labor Income Generated: \$164.3 million



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
568	29,236	2,454	16

The Rock Hill Region contains the eighth largest military presence in South Carolina, with an annual economic impact of approximately \$461 million that is supported by 4,206 jobs. This impact includes various DoD contractor activities, military retirees and veterans, and portions of the South Carolina National Guard and the U.S. Army Reserve.





The Pee Dee Region
Regional Ranking: #9

Annual Economic Impact: \$432.4 million
Number of Jobs Supported: 3,958
Labor Income Generated: \$154.2 million



Number of Service Members	Number of Veterans	Number of Retirees	Number of DoD Civilians
1,199	27,815	2,538	46

The Pee Dee Region contains the ninth largest military presence in South Carolina, with an annual economic impact of approximately \$432 million that is supported by 3,958 jobs. This impact includes various DoD contractor activities, military retirees and veterans, and portions of the South Carolina National Guard and the U.S. Army Reserve.



Statewide Impacts

Economic Impact: South Carolina National Guard (SCNG)

Background

The South Carolina Military Department (SCMD) consists of the South Carolina National Guard (Army & Air), S.C. State Guard, S.C. Emergency Management Division, SC Youth Challenge Academy, STARBASE Swamp Fox, and S.C. Military Museum. The S.C. Military Department is led by Maj. Gen. Robert E. Livingston, Jr., the Adjutant General for South Carolina. The Governor serves as the Commander-in-Chief of the South Carolina National Guard.

The South Carolina National Guard

The South Carolina National Guard (SCNG) consists of the approximately 1,200 members of the South Carolina Air National Guard (SCANG) and nearly 10,000 members of the South Carolina Army National Guard (SCARNG). As a dual-mission force, the SCNG is normally under the control of the Governor, but can be called into federal service by the President. Of the nearly 12,000 Service Members in the SCARNG and SCANG, approximately 30% serve full-time. The remaining traditional members of the SCNG typically serve 39 days a year on a federally-funded status for training.

U.S. law charges the National Guard with dual federal and state missions under the command of either the President or the Governor. Their functions range from limited actions during non-emergency situations to Defense Support Civil Authorities (DSCA) to mobilizations for contingency operations and combat operations.

The SCNG's federal mission is "To provide properly trained and equipped units for prompt mobilization for war, national emergency, or as otherwise needed" while its State mission is "To provide trained and disciplined forces for domestic emergencies or as otherwise provided by state law."

The South Carolina Army National Guard

Members of the SCARNG are dispersed throughout South Carolina in 58 armories and readiness centers; and the majority of traditional members of the SCARNG report for their training in a different county than which they reside dispersing economic effect across the State.

In 2016-17, six units of the SCARNG deployed nearly 300 Soldiers worldwide in support of current operations; nearly fifty securing the airspace in the National Capitol Region; over 220 Soldiers served as a rapid response force for chemical, nuclear, or biological event, and three units are currently on standby in the Army



Emergency Response Force. Within South Carolina, over 3,000 Soldiers responded to the 2015 Flood Event and again to Hurricane Matthew in 2016.

Major units of the SCARNG include the Joint Force Headquarters – South Carolina (Columbia), 263rd Army Air Missile Defense Command (Anderson), 218th Maneuver Enhancement Brigade (Charleston), 678th Air Defense Artillery Brigade (McEntire Joint National Guard Base), 228th Signal Brigade (Spartanburg), 59th Aviation Troop Command (McEntire Joint National Guard Base), 59th Troop Command (McEntire Joint National Guard Base), and 218th Regiment (McCrary Training Center). SCARNG units are trained and equipped as part of the U.S. Army.

The South Carolina Air National Guard

The majority of the SCANG trains and operates out of McEntire Joint National Guard Base; and the majority of traditional members of the SCANG report for their training in a different county than which they reside dispersing economic effect across the State.

The 169th Fighter Wing is the primary formation in the SCANG. The 169th Fighter Wing’s mission is to maintain wartime readiness and the ability to mobilize and deploy expeditiously to carry out tactical air missions or combat support activities in the event of a war or military emergency. SCANG units are trained and equipped as part of the U.S. Air Force.

Economic Impact

The total economic impact of the SCNG on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$815.3 million in economic activity annually, as illustrated in Table 39. This is associated with approximately 15,809 jobs and \$429.9 million in labor income.

Table 39 – Economic Impact of the S.C. National Guard on South Carolina

Note: Impact Estimates Include Impacts of McEntire JNGB

	Employment	Labor Income	Economic Output
Direct Effect	12,272	\$293.7 million	\$503.5 million
Multiplier Effect	3,537	\$136.2 million	\$311.8 million
Total Effect	15,809	\$429.9 million	\$815.3 million

The 10 industrial sectors that are impacted the most by the SCNG are listed below in Table 40, along with the specific levels of annual economic activity associated with each.



Table 40 – Economic Impact of the S.C. National Guard on South Carolina by Industrial Sector

Notes: (1) In Millions of Dollars; (2) Impact Estimates Include Impacts of McEntire JNGB

Imputed rental activity for owner-occupied dwellings	\$31.31
Construction of new nonresidential structures	\$20.05
Architectural, engineering, and related services	\$17.59
Food services and drinking places	\$14.88
Computer related services	\$14.88
Scientific research and development services	\$14.88
Real estate establishments	\$13.84
Offices of physicians, dentists, and other health practitioners	\$13.71
Retail Stores – General merchandise	\$12.16
Wholesale trade businesses	\$11.51

Economic Impact: U.S. Army Reserve of South Carolina

Background

The United States Army Reserve is the Army's sole, dedicated Federal Reserve force, providing operational capability and strategic depth to the Total Army and the Joint Force in support of U.S. National Security interests and Army commitments worldwide.

The Army Reserve comprises nearly twenty percent of the Army's organized units, almost half its total maneuver support, and a quarter of its mobilization base-expansion capacity. Across South Carolina, the Army Reserve manages 70 separate units/detachments comprised of Medical, Transportation, Logistics, Engineer, Chemical, Civil Affairs, Signal, Personnel Services and Training Support units. These units employ over 3,700 Troop Program Unit Soldiers (TPU), 327 Active Guard Reserve (AGR) Soldiers, and 380 Civilians operating in 20 Army Reserve facilities.

The 81st Regional Support Command, headquartered at Fort Jackson, supports Army Reserve Soldiers, Civilians, and Families across nine states and Puerto Rico, enabling supported commanders and leaders to meet global requirements. The Army Reserve also supports Basic Combat Training with a Basic Combat Training (BCT) brigade, a BCT support battalion, a Civil Affairs brigade and a Military Police brigade located at Fort Jackson; a Chemical brigade and Engineer battalion in Greenville; a detachment directly supporting ARCENT at Shaw AFB, and a Transportation battalion directly supporting terminal operations in Charleston.

Engaged globally, the Army Reserve plays an integral role in America's national defense architecture. Since 2001, more than 300,000 Army Reserve Soldiers have deployed to Iraq and Afghanistan and other worldwide missions in support of Theater Security Cooperation, Foreign Humanitarian Support, Homeland Defense and Defense Support of Civil Authorities operations. Since 9/11, 6,026 Army Reserve Soldiers have mobilized and deployed with units from South Carolina.



Today, 122 Army Reserve Soldiers from South Carolina are supporting global combatant command operations around the world.

Economic Impact

The total economic impact of the Army Reserve on the state of South Carolina – including all operations, in-state procurement, and military and civilian payroll employment – totals \$300.6 million in economic activity annually, as illustrated in Table 41. This is associated with approximately 5,390 jobs and \$142.9 million in labor income.

Table 41 – Economic Impact of the U.S. Army Reserve on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	4,615	\$114.3 million	\$215.9 million
Multiplier Effect	775	\$28.6 million	\$84.7 million
<hr/>			
Total Effect	5,390	\$142.9 million	\$300.6 million

The 10 industrial sectors that are impacted the most by the Army Reserve are listed below in Table 42, along with the specific levels of annual economic activity associated with each.

Table 42 – Economic Impact of the U.S. Army Reserve on South Carolina by Industrial Sector

Note: In Millions of Dollars

Imputed rental activity for owner-occupied dwellings	\$11.79
Food services and drinking places	\$5.26
Offices of physicians, dentists, and other health practitioners	\$4.95
Real estate establishments	\$4.74
Retail Stores – General merchandise	\$4.42
Wholesale trade businesses	\$4.11
Maintenance and repair construction of nonresidential structures	\$2.95
Monetary authorities and depository credit intermediation activities	\$2.42
Telecommunications	\$2.32
Electric power generation, transmission, and distribution	\$2.32

Economic Impact: DoD Contracting Firms

Background

There are many public and private firms located throughout South Carolina that execute a variety of DoD contracts. Collectively, these are simply known as DoD contracting firms. DoD contracting firms can be divided into two types: (1) those that supply military goods and services *inside* of South Carolina; and (2) those that supply military goods and services *outside* of South Carolina. A DoD contracting firm may fit one or both of these descriptions.



To the extent that DoD contracts allocated to these firms flow through the in-state military installations that ultimately receive the goods and services, the economic impact of this funding may already be captured in the procurement data provided by each installation for this analysis. As such, they are assumed to be incorporated into the economic impact estimates documented above. However, the economic impact of any South Carolina firm that receives DoD funding to provide goods or services to military installations outside of South Carolina must be documented separately.

According to USASpending.gov, the total value of all DoD contract awards executed within South Carolina firms producing goods and services for military installations *outside* of the state was \$564.2 million during the 2016 fiscal year.¹²

In order to determine the total economic impact of these \$564.2 million federal dollars on the state of South Carolina, economic multipliers were matched to each contract based on the contract description as reported by USASpending.gov. Table 43 highlights the resulting estimates.

Table 43 – Economic Impact of 2016 DoD Contracts on South Carolina

Note: Excludes Contracts for S.C. Military Installations

Federal Dollars Awarded to S.C. Contracting Firms Serving DoD Facilities Outside of South Carolina	\$564.2 million
<hr/>	
Estimated Total Employment	9,418
Estimated Total Labor Income	\$448.0 million
Estimated Total Economic Output	\$1.0 billion

DoD contracts executed by South Carolina firms that provide goods and services to military installations and other DoD facilities *outside* of South Carolina supported approximately \$1.0 billion in total economic activity in 2016. This is associated with 9,418 jobs and \$448 million in labor income.

Economic Impact: Military Retirees and South Carolina Veterans

Background

There are currently 417,515 military veterans living in the state of South Carolina, of which approximately 56,969 are military retirees.¹³ South Carolina, as a result, has the 9th highest military retiree population in the country.¹⁴ Military veterans in

¹² This estimate was derived by summing the “based and exercised options” dollar value for all contracts designated as having a “recipient state” of South Carolina and a “place of performance” state of a non-S.C. state. Additionally, contracts in which the majority of dollars were estimated to have been spent outside of South Carolina in order to deliver out-of-state services were discounted by 85 percent. In other words, it was assumed that only 15 percent of the total funding from out-of-state service-related contracts remained in South Carolina.

¹³ Source: U.S. Department of Veterans Affairs, U.S. Department of Defense, and Defense Manpower Data Center

¹⁴ Source: *Statistical Report on the Military Retirement System, FY2015*, last updated July 2016



South Carolina are offered a wide variety of services through the Department of Veterans Affairs (VA). These include health care programs, life insurance, disability compensation and pensions, educational programs (including the GI Bill), vocational rehabilitation, and end-of-life care/memorial arrangements. Because each of these VA services are not funded by the U.S. Department of Defense, these programs introduce new spending activity to the state of South Carolina that would not occur otherwise. Thus, the presence of military veterans represents a unique source of economic activity for South Carolina. During the 2015 fiscal year, VA expenditures in South Carolina totaled approximately \$3.5 billion. Additionally, the DoD funds pensions for the retirees separately from the base funding stream, contributing an additional \$1.57 billion annually. Table 44 provides a breakdown of these expenditures across all major programs.

Table 44 – Military Retiree/Veteran Annual S.C. Expenditures by Category

Note: Data Represent FY2015

Program/Service	Total Annual S.C. Expenditures
VA - Compensation and Pensions	\$1.9 billion
VA - Medical and Construction Programs	\$1.2 billion
VA - Insurance and Indemnities	\$30.3 million
VA - General Operating Expenses	\$68.6 million
VA - All Other	\$301.1 million
DoD – Pension Funding	\$1.57 billion
Total Annual S.C. Expenditures	\$5.07 billion

Economic Impact

The total economic impact of all military retiree/veteran related programs on the state of South Carolina – including all operations, in-state procurement, and payroll employment – totals \$6.5 billion in economic activity annually, as illustrated in Table 45. This is associated with approximately 47,868 jobs and \$2.2 billion in labor income.

Table 45 – Economic Impact of Military Retiree/Veteran-Related Spending Activity on South Carolina

	Employment	Labor Income	Economic Output
Direct Effect	36,757	\$1.7 billion	\$4.9 billion
Multiplier Effect	11,111	\$456.7 million	\$1.6 billion
Total Effect	47,868	\$2.2 billion	\$6.5 billion

Note that the direct economic impact of the \$4.9 billion in Table 43 is *less than* the \$5.07 billion in annual retiree/veteran-related expenditures made by the VA and DoD. This arises due to the nature of consumer spending. While military veterans receiving any type of compensation or pension will typically spend the majority of this income within the local economy, they will also save a portion of this income as



well. This saved income will not immediately translate into new economic activity – and as such – it is not counted among the direct economic impacts that are modeled in this report.

Economic Impact: Contributions to State Tax Revenue

Another major impact that the military community has on the state of South Carolina is the increase in state tax revenue that arises from the \$25.1 billion in economic output generated from all base operations, visitor spending, and military veterans outlined above. In order to estimate the specific value of this increase in state tax revenue, the historical relationship between South Carolina nominal gross state product and the South Carolina general funds revenue (as measured and tracked by the South Carolina Board of Economic Advisors) was estimated.¹⁵ By applying this relationship to the economic activity generated by the military community, an estimate of the tax revenue generated from these activities can be determined. Table 46 highlights these results.

Table 46 – State Tax Revenue Linked to the South Carolina Military Community¹⁶

Military Facility	Total Annual Economic Impact	Total Annual Contribution to South Carolina Gross State Product	Total Annual Contribution to State Tax Revenue
Joint Base Charleston	\$8.7 billion	\$7.1 billion	\$359.6 million
U.S. Coast Guard	\$150.7 million	\$107.5 million	\$5.5 million
Army Corps of Engineers	\$58.3 million	\$37.6 million	\$1.9 million
Fort Jackson	\$2.3 billion	\$1.7 billion	\$87.2 million
McEntire Joint National Guard Base	\$140.6 million	\$74.0 million	\$3.8 million
Shaw Air Force Base (excluding ARCENT)	\$1.9 billion	\$1.8 billion	\$90.6 million
U.S. Army Central (ARCENT)	\$245.1 million	\$231.5 million	\$11.8 million
Marine Corps Air Station - Beaufort	\$787.0 million	\$618.9 million	\$31.5 million
Marine Corps Recruit Depot - Parris Island	\$739.8 million	\$562.0 million	\$28.6 million
Naval Hospital - Beaufort	\$217.4 million	\$185.0 million	\$9.4 million
National Nuclear Security Administration	\$411.3 million	\$232.2 million	11.8 million
South Carolina National Guard (excluding McEntire)	\$674.7 million	\$355.1 million	\$18.1 million
Army Reserve of South Carolina	\$300.6 million	\$156.5 million	\$8.0 million
DoD Contracting Firms	\$1.0 billion	\$499.3 million	\$25.4 million
Military Retirees and South Carolina Veterans	\$6.5 billion	\$3.7 billion	\$190.8 million
Totals	\$24.1 billion	\$17.4 billion	\$884.1 million

It is important to note that economic output is not synonymous with gross state product. The value of annual gross state product associated with the \$24.1 billion in annual economic output generated by the military community is \$17.4 billion. This,

¹⁵ This was estimated using industry-standard time series regression techniques.

¹⁶ Due to rounding, the sum of each column will not exactly match the reported totals in the last row.



in turn, is estimated to generate approximately \$884.1 million in state tax revenue annually for South Carolina.

Expanding S.C.'s Skilled Workforce: The Contribution of Veterans

Military retirees who are of working age represent an important resource for South Carolina's businesses. According to the Defense Manpower Data Center (DMDC), approximately 18.2 percent of all military veterans in South Carolina are currently between the ages of 25 and 54. This translates into 10,253 veterans who are likely to enter the private sector and begin a second career at some point following their retirement from military service.

One of the advantages of a military background is the training it provides for future employment in the private sector. Military personnel acquire specific job training in many fields, including highly technical positions such as military intelligence, engineering, and computer software development. These types of positions are generally known as "knowledge economy jobs" – or jobs that tend to be both theoretical and practical, combining the creative skills necessary for innovation and technological development with the practical knowledge of commercializing new ideas. The knowledge economy is a major component of regional economic growth and development. The intellectual talent required for these jobs is highly sought after, and regions with high concentrations of workers that have the skillsets for these types of positions help attract more businesses, which furthers economic development.

Military veterans also come from a work environment that takes soft skills such as flexibility, teamwork, leadership, and commitment very seriously. South Carolina military facilities, through helping to maintain and grow the veteran population in South Carolina, enhance the quality of the workforce and help to provide local firms with a talent base they might otherwise lack.

In order to estimate the potential benefits that working-age military veterans provide to South Carolina's workforce, this study obtained data from the DoD Transition Assistance Program regarding the occupation distribution of personnel retiring from military service in the state of South Carolina. These occupations, in turn, were then matched to occupation categories as defined by the U.S. Bureau of Labor Statistics. The resulting distribution by major occupation category appears in Table 47. Note that the majority of military personnel retiring in South Carolina are likely to have specialized in military occupations classified as Management (13.7%), Business and Finance Operations (13.7%), Protective Service (13.2%), and Architecture and Engineering (10.5%).

Table 47 – Occupation Distribution of South Carolina Military Retirees

Occupation Group	SOC Code	Percent
Management	11	13.7%
Business and Finance Operations	13	13.7%



Occupation Group	SOC Code	Percent
Protective Service	33	13.2%
Architecture and Engineering	17	10.5%
Office and Administrative Support	43	9.1%
Production	51	7.3%
Healthcare Practitioners and Technical	29	6.1%
Transportation and Material Moving	53	4.7%
Computer and Mathematical	15	4.4%
Construction and Extraction	47	4.1%
Installation, Maintenance, and Repair	49	3.8%
Arts, Design, Entertainment, Sports, and Media	27	2.6%
Community and Social Services	21	2.0%
Life, Physical, and Social Science	19	1.5%
Education, Training, and Library	25	0.6%
Healthcare Support	31	0.6%
Food Preparation and Serving Related	35	0.6%
Personal Care and Service	39	0.6%
Legal	23	0.3%
Building and Grounds Cleaning and Maintenance	37	0.3%

According to projections from the South Carolina Department of Employment and Workforce (DEW), the demand for each of the occupation groups listed in Table 47 is expected to grow by the year 2022. DEW also provides specific projections on the number of annual job openings that will be available in each of these sectors. Further, according to the DoD Transition Assistance Program, approximately 4,400 service members retire from the military in South Carolina each year. Under the assumption that half of these service members embark on a second career in the private sector, Table 48 provides a summary of the potential contribution that these service members could make to the demand in each listed occupation.

Table 48 – Potential Contribution of Retirees to South Carolina’s Labor Demand

Occupation Group	Annual S.C. Job Openings	Annual Number of Military Retirees	Percentage
Management	2,933	301	10.3%
Business and Finance Operations	2,504	301	12.0%
Protective Service	1,605	290	18.1%
Architecture and Engineering	1,368	231	16.9%
Office and Administrative Support	9,771	200	2.0%
Production	4,748	161	3.4%
Healthcare Practitioners and Technical	4,879	134	2.8%
Transportation and Material Moving	4,619	103	2.2%
Computer and Mathematical	1,140	97	8.5%
Construction and Extraction	2,901	90	3.1%
Installation, Maintenance, and Repair	2,860	84	2.9%
Arts, Design, Entertainment, Sports, and Media	746	57	7.7%
Community and Social Services	894	44	4.9%
Life, Physical, and Social Science	371	33	8.9%
Education, Training, and Library	3,548	13	0.4%



Occupation Group	Annual S.C. Job Openings	Annual Number of Military Retirees	Percentage
Healthcare Support	2,498	13	0.5%
Food Preparation and Serving Related	8,040	13	0.2%
Personal Care and Service	2,418	13	0.5%
Legal	390	7	1.7%
Building and Grounds Cleaning and Maintenance	2,717	7	0.2%

Note that the occupation category in which military veterans can likely supply the highest percentage of labor demand is Protective Service (18.1%). This is not surprising considering the high demand for security services in the military relative to private sector demand within South Carolina.

Economic Impact: Other South Carolina Military Elements

Although the goal of this study has been to provide a comprehensive analysis of the total economic impact of the military community on the state of South Carolina, due to data restrictions there are still other military-related agencies located in the Palmetto State that have a positive economic impact that could not be directly quantified. These include – among others – the Services’ recruiting organizations, the three Naval Operational Support Centers for the U.S. Naval Reserve Activities, and the Defense Logistics Agency.



Conclusion

The economic impact of the military community on the state of South Carolina is substantial. South Carolina's military presence generates \$24.1 billion in annual economic activity, along with 181,847 jobs and \$9.9 billion in labor income. This impact includes each of the following: Joint Base Charleston, the U.S. Coast Guard, the Army Corps of Engineers, Fort Jackson, McEntire Joint National Guard Base, Shaw Air Force Base, U.S. Army Central Command, Marine Corps Air Station Beaufort, Marine Corps Recruit Depot Parris Island, Naval Hospital Beaufort, National Nuclear Security Administration, the South Carolina National Guard, and the Army Reserve of South Carolina. The reported economic activity encompasses all base operations, in-state procurement, and visitor spending at these facilities.

In addition, there is \$564.2 million in DoD contracts currently being executed across 752 firms located within South Carolina to which the U.S. Department of Defense has committed federal funding to procure goods and services for military activities outside of the state. This supports an additional \$1.0 billion in economic activity, which is associated with 9,418 jobs and roughly \$448 million in labor income.

South Carolina has a relatively large number of military veterans and retirees living in the state. Specifically, the Palmetto State has the 9th highest military retiree population in the country. Both veterans and retirees are offered a wide variety of services through the Department of Veterans Affairs (VA), including health care programs, life insurance, disability compensation and pensions, educational programs (including the GI Bill), vocational rehabilitation, and end-of-life care/memorial arrangements. Because each of these VA services is funded through the U.S. Department of Defense, these programs introduce new spending activity to the state of South Carolina that would not occur otherwise. Additional pension funding is provided to military retirees through the DoD as well. The economic impact of all VA and DoD programs related to military retirees and veterans on the state of South Carolina totals \$6.5 billion in annual economic activity along with approximately 47,868 jobs and \$2.2 billion in labor income. Many veterans also retire when they are still of working age and often begin second careers in the private sector. Veterans of working age are estimated to be able to fill about 3.6 percent of all projected job openings in South Carolina over the next decade, thereby helping to reduce the state's increasing qualified labor shortage.

All of the new economic activity generated by the military community specifically benefits the state of South Carolina as a whole through increased tax revenue. In sum, the military community contributes approximately \$17.4 billion to the state's annual gross state product. This implies that \$884.1 million in annual tax revenue for the state is generated through activities associated with South Carolina's military community.

The economic benefits of the military community on South Carolina are clear. All told, the economic impact of all elements of South Carolina's military community



The 2017 Economic Impact of South Carolina's Military Community

total \$24.1 billion annually. This translates into 181,847 jobs that are supported (either directly or indirectly) by the military community along with \$9.9 billion in labor income for South Carolinians.

The estimates detailed in this report should serve as reminder of the importance of the military community's presence and the fact that any significant change in the level of activity at a military installation will have the potential to transform the local and statewide economy.



Appendix A: May 2017, Revision Note

After the Department of Defense actuary was able to provide us with a customized county-level military retiree report, we were able to accurately incorporate retiree spending at the local level. As a result, while the statewide impact did not change, the regional estimates changed enough to affect the rankings. Sumter, which was previously ranked #5 (behind the Beaufort and the Upstate), has now moved to #3. Thus we have #3 Sumter, #4 Beaufort, and #5 Upstate. This reinforces the importance of our military retiree population, not just from a workforce employment perspective, but also the additional retiree dollars.

