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NEW COMMUNITY IMPACT ASSESSMENT REVEALS ANNUAL ECONOMIC IMPACT OF SCOTT AIR FORCE BASE HAS TOPPED \$3 BILLION

Study findings shed new light on the value of Scott AFB to our region

O'FALLON, ILL., November 1, 2011 . . . The Leadership Council Southwestern Illinois today released the findings of a recent study conducted in partnership with Civic Progress and the Regional Business Council to measure the current impact that Scott Air Force Base (AFB) has on surrounding communities and the St. Louis metropolitan area. The findings reveal that the total annual impact of Scott AFB on the region now tops **\$3 billion**, up from \$2.1 billion in 2001, with **136,399 people** economically benefitting from the base.

U.S. Congressman Jerry Costello, a tireless supporter of Scott Air Force Base, welcomed the study's findings. "It's clear from this report that Scott AFB is not only one of our nation's most important military facilities, it is the primary economic engine for our region, supporting numerous businesses and tens of thousands of jobs," he said.

Not only has Scott AFB held onto its ranking as the third largest employer in the St. Louis metropolitan region, but it has also added new missions as a result of the consolidation that followed the last BRAC. As the host unit at Scott AFB, the 375th Air Mobility Wing today supports United States Transportation Command (USTRANSCOM), Headquarters Air Mobility Command (AMC), Military Surface Deployment and Distribution Command (SDDC), Headquarters 18th Air Force, and the Air Force Global Logistics Support Center (AFMC). In addition, Scott is home to the 932nd Airlift Wing of the Air Force Reserve Command and the 126th Air Refueling Wing of the Illinois National Guard. Through these commands, every United States military transportation operation is controlled and monitored by Scott AFB, from deploying troops for national defense or disaster relief efforts, to transporting the President of the United States.

"With the current budget concerns pointing to the potential for more defense spending cuts in the future, it is important for our region's leadership to remain fully informed of the critical role that Scott AFB plays in protecting our nation and what a powerful economic engine the Base continues to be for our region," said Gerry Schuetzenhofer, President of the Leadership Council Southwestern Illinois and chairman of its Military Affairs Committee. "Through the local efforts to protect Scott AFB during the last round of Base Realignment and Closure, we all gained a better understanding of its role as home to many of the military's most important commands, however, in the wake of the vast changes in national defense and the growth at Scott AFB over the past decade, we wanted to determine how significantly the base's overall impact on our region might have changed."

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2011 Community Impact Assessment of Scott AFB/First Add

While the base acts as the central nervous system of the U.S. military, ultimately, it also is the heart of this region. The ripple effect as Scott AFB delivers its vital services has a profound and positive effect on jobs, housing, education, individual communities and a variety of businesses within the greater St. Louis metropolitan area.

People and Jobs

A total of 136,399 are economically impacted by Scott Air Force Base. This includes 13,020 direct jobs (active duty, civilian and guard and reservists), 18,314 military retirees living in the St. Louis region and receiving benefits (an increase of 30 percent since 2001); 25,531 indirect jobs (employees of businesses that supply goods and services to the base); and 79,534 dependants (active duty, guard and reserve, civilian and retiree dependants.)

With 31,334 individuals directly dependent on Scott AFB for their jobs or retirement benefits, the base has an annual payroll of almost \$1.3 billion. The total payroll is the estimated annual dollar value of jobs provided or created by Scott AFB, plus retiree benefits. The 25,531 indirect jobs that are attributable to Scott generate an additional \$1.1 billion in payroll, bringing the total payroll impact of the base to almost \$2.4 billion.

Of the 56,858 individuals receiving payroll/benefits directly or indirectly attributable to Scott AFB, 66 percent are in Illinois and 34 percent are in Missouri. More than 50 percent of all the payroll dollars flow into St. Clair County, with the majority of the recipients located on base and in the cities of Belleville and O'Fallon.

Outsourcing and Contracts

While Scott AFB is a publicly supported institution, the base operates as a typical business in terms of contracting or outsourcing other goods and services not provided through the Department of Defense. Contracts awarded by Scott AFB in FY2010 alone included almost \$207 million for construction contracts, outsourced services such as IT, and other materials, equipment and supplies.

While a significant percentage of Scott AFB personnel are concentrated in the Metro East and particularly in St. Clair County, the distribution of contracts is split more evenly between Illinois companies and Missouri companies, with the Missouri portion of the St. Louis Metropolitan Statistical Area (MSA) actually capturing a little more than 50 percent of the contract dollars (\$104 million). St. Louis County is the county with the highest annual amount of contract dollars with approximately \$84.5 million. St. Clair County had the second highest amount with \$59.7 million, while Madison County was third with just under \$32 million.

Costs of Living

The study estimates that Scott AFB active duty, guard and reservists, retirees and civilian personnel spend a total of more than \$250 million on housing. The report total includes the more than \$74 million for the Basic Allowance for Housing (BAH) that military households receive to pay for off-base housing. But the actual housing impact tops the quarter billion dollar mark when the estimated \$177 million that civilian, guard & reserve and retirees pay for housing is factored in. (Those dollars aren't counted in the report total as they are based on 20 percent of the payroll/benefits number that already is included.)

2011 Community Impact Assessment of Scott AFB Second and Final Add

We learned for the first time during the 2001 assessment that Scott AFB also has a significant impact on the local hotel industry, and that remains true today. In FY 2010, Scott AFB rented the equivalent of approximately 160 rooms each weeknight of the year, spending an estimated \$6,930,500 for local hotel rooms. Hotels in O'Fallon took in 50 percent of these revenues, with Fairview Heights capturing the next largest block at 35 percent.

Schools that educate dependents of active duty military also benefit tremendously from the base's presence through special funding from the Department of Defense and the Department of Education. Mascoutah School District educates all on-base military dependents through the Scott AFB elementary school and receives 92 percent of all aid, nearly \$12 million annually. O'Fallon school districts get the next largest amount, over half a million annually.

Study Author and Methodology

Conducted by Woolpert, LLC, the 2011 Community Impact Assessment used the 375th Air Mobility Wing's FY2010 Stakeholder's Report as a baseline. The direct impact detailed in that report was calculated using a Secretary of the Air Force program, while the indirect job impacts were calculated using Bureau of Labor Statistics (BLS) multipliers for the St. Louis MO-IL Metropolitan Statistical Area (MSA). For Woolpert's more comprehensive report, the now widely accepted Bureau of Economic Analysis' Regional Input-Output Modeling System was used, drawing on more conservative multipliers than those used during the 2001 assessment.

Schuetzenhofer noted that the use of the more conservative multipliers makes the growth evidenced over the past decade even more significant.

"The findings shed renewed light on the value of Scott AFB to the metropolitan area and are cause for celebration," Schuetzenhofer stated. "From jobs created and payroll released into the local economy, to the impact the base has on the local housing market and quality of life, it's clear that Scott AFB has a significant direct positive impact on our entire region. But, as impressive as the \$1.6 billion in direct impact is, it's only part of the story. When we also consider the additional \$1.5 million in indirect impact the base has on the local economy through the goods and services brought by businesses having contracts with Scott AFB and by those businesses' employees, the total soars past \$3 billion. Now, more than ever, we need to work together as a region to make sure that we preserve Scott AFB and keep this powerful economic engine running."

A copy of the complete study is available on the Leadership Council's website at www.siteselection-il.com.

The Leadership Council Southwestern Illinois is a member-based, economic development organization that has worked for more than 25 years to attract/retain jobs and stimulate capital investment through its coalition of leaders in business, labor, education and government. These effective partnerships have served as a driving force behind a number of successful regional economic development efforts. The Leadership Council also publishes the annual Market Review & Investment Update, which chronicles the total value of projects announced, under construction or completed each year in Madison and St. Clair counties, with the 2010 edition showing \$6.56 billion in investments.

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