

The Annual Economic Impact of Military Facilities in the Corpus Christi, Texas Region

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Prepared for:



Corpus Christi
Regional Economic Development Corporation

**One Shoreline Plaza
800 North Shoreline Boulevard, Suite 1300 South
Corpus Christi, Texas 78401
(361) 882-7448
Fax (361) 882-9930
www.ccredc.com**

Prepared by:

**Impact DataSource
4709 Cap Rock Drive
Austin, Texas 78735
(512) 892-0205
Fax (512) 892-2569
E-mail: jwalker@onr.com**

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EXECUTIVE SUMMARY

This report presents the results of an economic impact analysis of the military facilities in the Corpus Christi, Texas region.

The Military Facilities

There are three major military installations in the Corpus Christi region. These facilities are the following:

- Naval Air Station Corpus Christi, which includes the Corpus Christi Army Depot
- Naval Air Station Kingsville, and
- Naval Station Ingleside.

These facilities have the following number of workers, payrolls, local procurement and contracts:

**Personnel, Local Procurement and Contracts
At Corpus Christi Military Facilities
In Fiscal Year 2000**

Number of personnel	10,537
Payroll	\$516 million
Local procurement	\$41 million
Contracts	\$120 million
Total salaries, local procurement and contracts	\$677,712,000

Total Economic Impact of the Military Facilities

The jobs at the military facilities, the salaries paid to those workers and their spending and the facilities' spending in the community ripple through the region's economy. Indirect and induced jobs are supported, along with sales in local businesses. Overall, the military facilities have the following economic impact on the Corpus Christi region:

Jobs, Annual Salaries, and Annual Economic Output Supported by Military Facilities

Jobs	23,181
Salaries and wages	\$971 million
Output or sales in local businesses	\$758 million

Revenues of Region Cities, Counties, School Districts and Special Taxing Districts

The economic activity of the military facilities in the Corpus Christi region, including spending by the facilities and spending by personnel and employees of the facilities, generates about \$59 million a year for revenues for region cities, counties, school districts and special taxing districts. The largest portion of these revenues, \$34 million, is property taxes collected on residential property owned or occupied by military personnel in the region and other workers directly or indirectly supported by the military facilities.

The Military's Percent of Total Employment and Salaries Paid in the Corpus Christi Region

The total number of workers in the counties where the facilities are located, Kleberg, Nueces, and San Patricio Counties, at the end of 2000 was 168,286. In addition, total salaries and wages paid in the counties was \$4.6 billion during the year.

The 23,181 jobs supported directly or indirectly by the military facilities, therefore, comprise 14% of the total jobs in the three counties. In addition, 21% or \$971 million of the total salaries paid in the three counties salaries are supported directly or indirectly by the military facilities in the region.

Details of this analysis follow on the next page with an introduction to this study.



INTRODUCTION

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting and research firm. The purpose of the analysis was to determine the annual impact that military facilities in the Corpus Christi, Texas region have on the economy of the region.

The report presents the following information:

- A description of the military facilities,
- Types of economic impacts that the region receives from the military facilities,
- The economic impact of the facilities on the Corpus Christi region,
- Annual revenues for region cities, counties, school districts and special taxing districts,
- The military's percent of total employment and salaries paid in the region, and
- An explanation of how the analysis was conducted and some information on Impact DataSource, the firm that conducted this analysis.

A description of the military facilities is next.

DESCRIPTION OF THE MILITARY FACILITIES

There are three major military installations in the Corpus Christi region. These facilities include the following:

- Naval Air Station, Corpus Christi,
- Naval Air Station, Kingsville, and
- Naval Station, Ingleside.

The facilities are located in Nueces, Kleberg and San Patricio Counties.

Naval Air Station Corpus Christi includes the Corpus Christi Army Depot and 25 tenants.

The Corpus Christi Army Depot, presently with 2,360 employees, is the largest industrial employer in the Corpus Christi region. The average annual salary of its workforce is \$48,600. The economic benefits from the depot include the 1,000 or so visitors a year who come to the depot each year to attend seminars, training and business meetings.

NAS Corpus Christi is also the headquarters for the US Navy's Mine Warfare Command with subordinate units based at NAS Corpus Christi, NAS Kingsville and homeported at NS Ingleside. The command has worldwide responsibility for 27 ships.

Other tenants of the facility include the Chief of Naval Air Training and Training Air Wing Four. The training wing produces about 500 newly qualified aviators each year.

The facility has 131 officer family units and 308 enlisted family units. The facility occupies 4,400 acres and has eight runways. The facility opened on March 12, 1941. At one time the facility was the largest pilot training facility in the world.

Naval Air Station Kingsville is one of the US Navy's premier locations for jet aviation training. Located just east of Kingsville, Texas, the facility's primary mission is to train tactical jet pilots for the US Navy and Marine Corps. To accomplish its mission, NAS Kingsville is home to Training Air Wing TWO and several military and civilian tenant commands.

Naval Station Ingleside is located on the north shore of Corpus Christi Bay, 20 miles northeast of the city of Corpus Christi. The station provides logistics and base support services to 52 commands, including 21 ships and 11,200 personnel which make up the Mine Warfare forces.

The USS Inchon (MCS 12) is one of the ships whose homeport is Naval Station Ingleside. The Inchon is the Navy's only mine countermeasures command and

control ship. The ship is name in honor of the amphibious landing at Inchon, Korea on September 15, 1950, by General Douglas MacAuthur. It was one of a series of helicopter carriers built by Ingalls Shipbuilding in Pascagoula, Mississippi. The ship has a crew of 45 officers, and 634 enlisted personnel.

These facilities – Naval Air Station Corpus Christi, Naval Air Station Kingsville and Naval Station Ingleside -- have military personnel and civilian employees. In addition, the facilities purchase goods and materials in the region and have contracts for services with local companies. The number of personnel, annual payrolls, local procurement and contracts are shown below.

**Personnel, Local Procurement and Contracts
At Corpus Christi Military Facilities
In Fiscal Year 2000**

	NAS Corpus Christi	NAS Kingsville	NS Ingleside	Total
Military personnel:				
Number	1,883	479	2,679	5,041
Annual payroll	\$100,162,000	\$22,772,000	\$108,131,000	\$231,065,000
Civilian personnel:				
Number	4,239	892	365	5,496
Annual payroll	\$225,245,000	\$43,372,000	\$16,391,000	\$285,008,000
Total personnel:				
Number	6,122	1,371	3,044	10,537
Annual payroll	\$235,407,000	\$66,144,000	\$124,522,000	\$516,073,000
Local procurement	\$22,342,000	\$6,703,000	\$12,088,000	\$41,133,000
Contracts	\$54,351,000	\$8,558,000	\$57,597,000	\$120,506,000
Total salaries, local procurement and contracts	\$402,100,000	\$81,405,000	\$194,207,000	\$677,712,000



TYPES OF ECONOMIC IMPACTS THAT THE REGION RECEIVES FROM THE MILITARY FACILITIES

Direct, Indirect and Induced Economic Impacts

The Corpus Christi region receives substantial economic benefits from the military facilities in the area.

Specifically, the economic benefits from the facilities are from the following:

- Jobs,
- Worker salaries or personal income,
- Local sales to workers and their families,
- Revenues for local businesses, and
- Residential property in the community owned or occupied by military personnel and employees of the facilities.

These economic impacts may be characterized as direct, indirect and induced.

The direct economic impact are from construction activities and operations of the facilities and their personnel and employees. From these direct activities, indirect and induced benefits or spin-off benefits are created.

Indirect sales, jobs and salaries will be created in local businesses and organizations, such as construction companies, air conditioning service firms, parts suppliers, contractors and other companies that supply goods and services to the facilities and to the facilities' contractors and suppliers.

In addition, induced sales, jobs and salaries will be created in region businesses or organizations, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, conveniences, computer stores, service companies, etc. that supply goods and services to the facilities' personnel and employees and their families and, in turn, to workers in indirect jobs and their families.

To estimate the indirect and induced economic impact of the facilities and their employees on the Corpus Christi region, regional economic multipliers were used. Regional economic multipliers for Texas are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis:

- An output multiplier
- An employment multiplier and
- An earnings multiplier.

An output multiplier was used to estimate the additional sales or output created by firms that do business with the facilities' suppliers and contractors. An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Corpus Christi region by the facilities. Similarly, an earnings multiplier was used to estimate the amount of salaries paid to workers in these indirect and induced jobs.

The following multipliers were used in this analysis:

Output multiplier for estimating the output or sales of firms in the region supplying goods and services to military contractors and military suppliers	2.20
Employment multiplier	2.20
Earnings multiplier	1.88

The output multiplier means that for every dollar paid by the facilities for procurement and contracts, there is \$1.20 in sales or output in other local businesses or organizations in the community supplying those military contractors and suppliers. Sales by local stores and other local organizations, supplying goods, services, housing, transportation to military personnel and workers was estimated, assuming that a typical employee spends 70 percent of their salaries in the Corpus Christi region. Similarly, for every dollar paid to personnel or employees at the facilities, there is 88 cents paid to workers in spin-off jobs supported in the community. Further, for every military personnel and employee at the facilities there is 1.2 workers supported in spin-off jobs in the community.



THE ECONOMIC IMPACT OF MILITARY FACILITIES IN THE CORPUS CHRISTI REGION

The facilities, their procurement and contracts, their personnel and employees and workers in spin-off jobs created in the community have a substantial economic impact on the Corpus Christi region.

Region jobs supported, salaries paid to region workers and the economic output or sales in region businesses that result from the facility and its personnel and employees are shown below.

Jobs, Annual Salaries, and Annual Economic Output

	Jobs	Salaries	Economic Output
Direct	10,537	\$516,073,000	
Indirect and induced:			
Suppliers and contractors at the facilities	3,187	\$96,983,400	\$161,639,000
Local firms doing business with military suppliers and contractors	2,608	\$53,340,870	\$88,901,450
Local businesses and stores selling to military personnel and workers, indirect and induced workers and their families	12,644	\$455,294,670	\$508,284,000
Total indirect and induced	12,644	\$455,294,670	\$758,824,450
Total	23,181	\$971,367,670	\$758,824,450

These jobs, salaries and economic output support taxable retail sales and residential property that is owned or occupied by military personnel and by workers in other jobs supported directly or indirectly by the military. These taxable retail sales and the number of residential properties are shown below.

Taxable Retail Sales and Residential Property Occupied by Military Personnel or Workers in Jobs Supported by the Military

	Amount
Taxable retail sales in the region	\$339,978,685
Estimated number of local residential properties owned or occupied by military personnel and workers supported by the military	18,545
Estimated average taxable value of multi-family and single family residences owned or occupied by military personnel and workers supported by the military	\$1,390,881,000

How the economic impact of the military facilities translates into additional revenues for region cities, counties, school districts and special taxing districts is next.



ANNUAL REVENUES FOR REGION CITIES, COUNTIES, SCHOOL DISTRICTS AND SPECIAL TAXING DISTRICTS

Region cities, counties, school districts and special taxing districts receive substantial revenues from region military personnel and workers supported by the military. These estimated revenues are shown below.

Estimated Annual Revenues for Region Cities, Counties and School Districts and Special Taxing Districts

Sales taxes collected on retail sales	\$6,799,574
Property taxes collected on residential property owned or occupied by military personnel or other workers supported by the military	\$34,772,025
Utilities provided to local residents	\$16,468,031
Utility franchise fees collected on residential property	\$1,231,393
Other taxes and user fees collected from residents	\$556,352
Total Revenues	\$59,827,378

As discussion of the conduct of this analysis is next.



THE MILITARY'S PERCENT OF TOTAL EMPLOYMENT AND SALARIES PAID IN THE CORPUS CHRISTI REGION

The military facilities included in this study are located in Kleberg, Nueces and San Patricio Counties. According to the Texas Employment Commission, total employment in those counties totaled 168,286 workers in the fourth quarter 2000. In addition, the wages paid to those workers in 2000 totaled \$4.6 billion. The number of workers and wages for each county is shown below.

Total Number of Workers at the End of 2000 and Wages Paid to these Workers in 2000

	Kleberg County	Nueces County	San Patricio County	Total
Wages paid in 2000	\$235 million	\$4,010 million	\$432 million	\$4,677 million
Number of workers employed at the end of the year	10,645	142,718	14,923	168,286

Source: Texas Workforce Commission covered employment and wages, 2000.

The military facilities in the Corpus Christi region support and estimated 23,181 workers in the region and estimated annual salaries of \$971 million. If this is the case, the military facilities in the Corpus Christi region support the following percent of total workers and total salaries paid to workers in the region:

Percent of Total Workers and Wages in the Corpus Christi Region Supported by the Military

	Salaries and Wages	Number of Workers
Total	\$4,678 million	168,286
Supported by military facilities	\$971 million	23,181
Percent of total supported by the military	21%	14%



CONDUCT OF THE ANALYSIS

Impact DataSource conducted this analysis using data, rates and information supplied on the Corpus Christi Regional Economic Development Corporation and the Texas Workforce Commission. In addition, Impact DataSource used certain estimates and assumptions.

Using this data, the economic impact from the military facilities and the related annual revenues for region cities, counties, school districts and special taxing districts were calculated. Impact DataSource used generally accepted economic analysis techniques in conducting this study.

In addition to the direct economic impact of the facilities and its personnel and employees, spin-off or indirect and induced benefits were also calculated, as discussed earlier in this report.

Impact DataSource is an eight-year-old Austin, Texas economic consulting, research and analysis firm. The firm has conducted economic impact analysis of numerous projects and activities in Texas, New Mexico, Oklahoma, California, Ohio, Kansas and Georgia. In addition, the firm has developed economic impact analysis computer programs for several clients, including Texas cities and utilities, and the states of Kansas and New Mexico.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Some data used in the analysis is shown next.

SOME DATA USED IN THE ANALYSIS

Estimated total local sales tax rate (a composite rate showing maximum sales taxes that may be collected by a typical city and other taxing entities in the city)	2%
Estimated total average property tax rate (a composite rate)	\$2.50
Estimated average annual utility billings, per household, by city-owned or city-provided utilities	\$888
Annual utility franchise fees collected from each household in the city	\$83
Estimated other taxes and user fees collected from each household by cities	\$30
Percent of a typical workers salary spent on taxable goods and services	35%
Estimated taxable value of residential property owned or occupied by military personnel and workers supported by the military	\$75,000
Estimated percent of workers who live in a city for computing city utility franchise fee collections	80%
Estimated percent of military personnel who live off base	80%