



FORT SAM HOUSTON IMPACT STUDY

THE EFFECT OF BRAC 2005 ON THE CITY OF SAN ANTONIO

EXECUTIVE SUMMARY

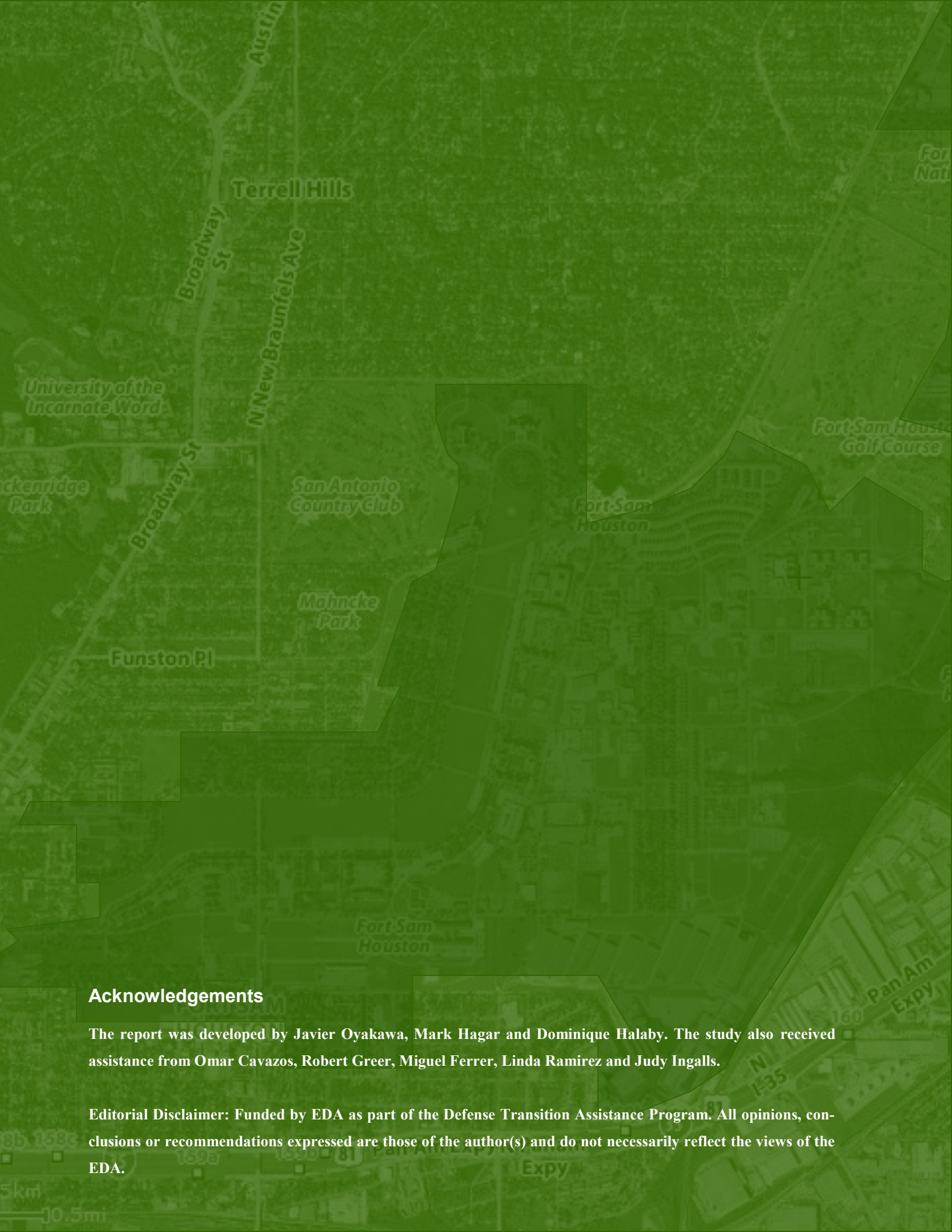


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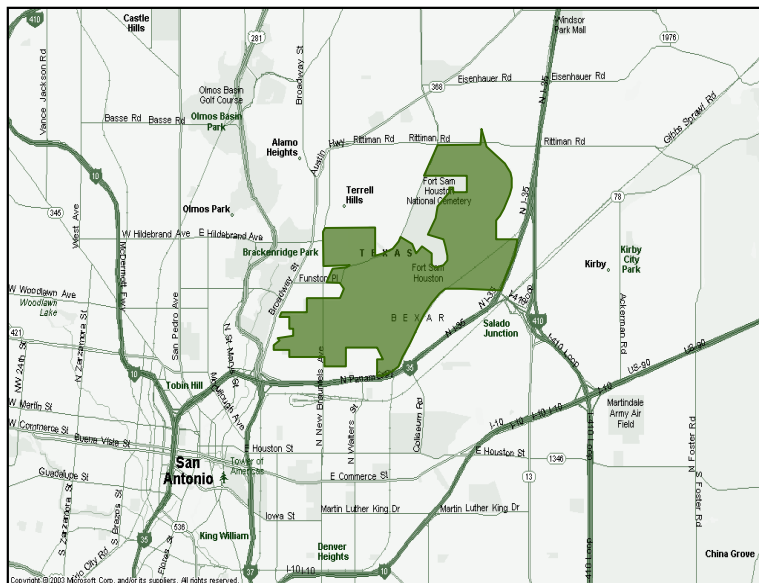
FORT SAM HOUSTON IMPACT STUDY

THE EFFECT OF BRAC 2005 ON THE CITY OF SAN ANTONIO

The Base Realignment and Closure process of 2005 (BRAC 2005) will have a profound impact on the City of San Antonio. In an effort to consolidate services, Fort Sam Houston will become the Department of Defense's "premier medical training base" and become headquarters to the Army's family support services and community activities¹. Fort Sam Houston will experience several additions and renovations with an approximate cost of \$1.4 billion through the year 2011. Construction expenditures for four military posts in San Antonio are estimated to reach \$2.08 billion. The amount of \$1.4 billion allocated to Fort Sam Houston represents 66.7 percent of the total.

The number of new jobs moving to Fort Sam Houston due to BRAC 2005 is close to 11,449. However, only 4,099 are new jobs moving to San Antonio, the rest correspond to new students (5,120) attending medical school or to transfers from other local installations (2,230), like those transferred from Lackland or from Brooks City-Base. Of the 4,099 new jobs coming to San Antonio, close to 2,500 are civilian workers and close to 1,600 are military. They are accompanied by approximately 5,804 family members, of whom 2,252 are school-aged children and 3,552 are adults.

To understand the impacts of the BRAC 2005, the study considered the following five activities: construction at military bases related to BRAC 2005 (from all military posts), construction of city infrastructure related to Fort Sam Houston's realignment, construction of homes for newcomers to San Antonio, increased operations and expenditures due to new workers coming to San Antonio, and expenditures by new students coming to San Antonio.



“I was pleased to see a significant increase in the Military Construction funding level, 18% above what was enacted for FY 2008. BRAC funding would be increased to ensure that changes mandated can be made on time.”

**-Sen. Kay Bailey
Hutchison**

**Ranking Member Senate
Military Construction/
Veterans Affairs
Appropriations
Subcommittee**

Construction Phase

The direct, indirect, and induced effects of the planned investments for the period 2007-2011 are:²

- Accumulated output close to \$4.5 billion
- Accumulated State revenues close to \$54.2 million
- Accumulated payroll close to \$1.4 billion, and
- Will support a yearly average employment of 8,868 jobs

Considering only the construction activities at military bases (without city infrastructure or home building), the total impacts from 2007 through 2011 are: an accumulated output close to \$3.7 billion, accumulated State revenues close to \$43.2 million, an accumulated payroll close to \$1.2 billion, and a yearly average employment impact of 7,631 jobs.

Construction and related industries, as architectural and engineering services, are highly impacted during this period as shown in Table 1.

Table 1. Top Five Industries Impacted by Construction at Military Bases, (2007)

Industry	Total Jobs
Commercial and institutional buildings	2,154
Highway- street- bridge- and tunnel construction	349
Architectural and engineering services	123
Food services and drinking places	120
Wholesale trade	66

Construction activities at the military bases will also impact specific occupations in the San Antonio MSA. Table 2 shows a list of the major occupational categories impacted, in terms of payroll received for the year 2007:

Table 2. Top Five Occupational Categories Impacted by Construction at Military Bases, (2007)

Major Occupational Category	Occupational Impact 2007	Payroll	Percent of Total Payroll
Construction and extraction occupations	1,492	\$46,019,576	29.5%
Management occupations	375	\$32,897,852	21.1%
Office and administrative support occupations	486	\$14,291,136	9.2%
Architecture and engineering occupations	177	\$11,269,811	7.2%
Business and financial operations occupations	142	\$7,927,405	5.1%

An important proportion of the incomes generated correspond to high-wage occupational groups like management (21.1 percent), architecture (7.2 percent), and business and financial occupations (5.1 percent). These percentages show a boost to high-wage jobs in the San Antonio MSA. On the other hand, important percentages of wages and salaries correspond to construction occupations (29.5 percent), and office and administrative support occupations (9.2 percent). In general, these two categories are close to the average wage of the San Antonio MSA, and they contribute to improve the income distribution in the area.³

Operations Phase

It was assumed that the educational and training facilities will begin to operate in the year 2011. The combined effects of the additional 4,099 new jobs and the additional 5,120 students coming to San Antonio to Fort Sam Houston will have the following direct, indirect, and induced impacts:

- Annual output close to \$852.1 million
- Annual State revenues close to \$10.8 million
- Annual payroll close to \$385.9 million, and
- Annual employment of 7,687 jobs.

New operations at Fort Sam Houston’s facilities, without students’ expenditures, will impact several industries in the San Antonio MSA. Beginning in the year 2011, the five most impacted industries by the operations phase, in terms of jobs, are:

Table 3. Top Five Industries Impacted by New Operations, (2011)

IMPLAN sector *	Total Jobs
Colleges- universities- and junior colleges	630
Food services and drinking places	259
Scientific research and development services	224
Facilities support services	143
Elementary and secondary schools	129

* Additionally, the Federal Military sector with 2,569 jobs.

New operations at Fort Sam Houston will also impact specific occupations in the San Antonio MSA. For the year 2011, the major occupational categories impacted, in terms of payroll received, are:

Table 4. Top Five Occupational Categories Impacted by New Operations, (2011)

Description	Occupational Impact	Payroll	Percent of Total Payroll
Business and financial operations occupations	652	\$41,928,437	13.4%
Management occupations	410	\$38,269,333	12.2%
Office and administrative support occupations	1,080	\$36,474,796	11.6%
Education, training, and library occupations	520	\$25,879,368	8.3%
Healthcare practitioners and technical occupations	358	\$25,385,778	8.1%

Different from the occupational impacts from the construction phase, with the operations of the new facilities the top payrolls generated correspond to high-wage categories. Business and finance (13.4 percent), management (12.2 percent), health care and technical occupations (8.1 percent), among others. These results indicate a boost to high-wage jobs in the MSA.

Fort Sam Houston is surrounded by several communities from the city of San Antonio. Some of these communities are targeted areas for economic and social assistance by the City of San Antonio and by the County of Bexar and they will benefit from the construction activities and the new operations of the medical and educational facilities at Fort Sam Houston.

Consumption Expenditures and Business Opportunities

San Antonio businesses will benefit from the expenditures of the new workers coming to the city. Among the most benefited would be: food, housing, transportation, and personal insurance businesses. Table 5 shows estimated annual expenditures of \$129.9 million for the year 2007 during the construction phase at the military posts. Of this amount, close to \$41.2 million (31.7 percent of total expenditures) is spent on housing, next is transportation with \$24.5 million (18.8 percent), food expenditures represent the third important category with \$17.1 million (around 13.1 percent), and personal insurance and pensions represent the fourth important category with \$16.2 million (12.6 percent).

Table 5. New Consumption Expenditures. Construction and Operations Phases

Category	Construction Phase Subtotals (2007)	Operations Phase Subtotals (2007)
Food	\$17,076,271	\$31,838,260
Housing	\$41,227,613	\$82,984,760
Apparel and services	\$5,208,253	\$10,861,786
Transportation	\$24,486,155	\$46,115,630
Health care	\$5,847,379	\$11,782,881
Entertainment	\$6,802,384	\$13,268,501
Personal care	\$1,447,527	\$3,020,516
Reading	\$308,137	\$665,695
Education	\$2,570,751	\$5,873,466
Tobacco products and smoking	\$1,072,466	\$1,591,381
Miscellaneous	\$2,248,916	\$4,345,299
Cash contributions	\$4,132,096	\$8,693,059
Personal insurance and pensions	\$16,244,680	\$33,353,811
Others	\$1,269,191	\$2,200,029
Totals	\$129,941,820	\$256,595,073

The Table also shows expenditures during the operations phase of the projects due to new personnel (without student expenditures). For this phase, the estimated amount of expenditures is close to \$256.6 million. Of this amount, close to \$82.9 million (32.3 percent) goes to housing, \$46.1 million (17.9 percent) goes to transportation, \$33.3 million (13.0 percent) goes to personal insurance, and close to \$31.8 million (12.3 percent) goes to food.

With an accumulated output of close to \$4.5 billion over a four year period (2007 to 2011), BRAC 2005 will have a profound impact on the City of San Antonio. Whether through additional construction at military bases related to BRAC 2005 (from all military posts), construction of city infrastructure related to Fort Sam Houston's realignment, construction of homes for newcomers to San Antonio, increased operations and expenditures due to new workers coming to San Antonio, and/or expenditures by new students coming to San Antonio, several businesses will benefit from these additional activities.

Methodology

To understand the impacts of the BRAC 2005, the study considered the following five activities:

1. Construction at military bases related to BRAC 2005 (from all military posts).
2. Construction of city infrastructure related to Fort Sam Houston's realignment.
3. Construction of homes for newcomers to San Antonio.
4. Increased operations and expenditures due to new workers coming to San Antonio.
5. Expenditures by new students coming to San Antonio.

The economic impacts of these projects were estimated using the software IMPLAN. This software uses input-output techniques to establish not only relationships among industrial sectors but also to establish monetary relationships among different institutions (for example, the government, on one hand, and households, on the other, are related by taxes paid and welfare benefits received).

The occupational impacts were estimated using matrices developed by the IMPLAN Group with modifications implemented by the Institute for Economic Development (IED) using information from the Texas Workforce Commission. With these modifications, IED estimated the amount of specific occupations demanded during the construction phase at the military bases (from 2007 through 2011), and during the operations phase at the new facilities (assumed to begin in 2011).

In order to translate military occupation into civilian ones IED used information elaborated by the Defense Manpower Data Center (see Appendix F for a detailed explanation of the methodology). IMPLAN is a product of the Minnesota IMPLAN Group (MIG).

The full report and detailed methodology is available on the Internet at www.iedtexas.org/ccbr.

End Notes

- ¹ Air Education and Training Command media response to BRAC 2005 recommendations. Retrieved on February 9, 2009 from www.aetc.af.mil/shared/media/document/AFD-071026-035.pdf
- ² We used the software IMPLAN (a product of MIG), which is based on Texas benchmark data provided primarily by the U.S. Department of Commerce.
- ³ According to the PEW Hispanic Center: "Newly arrived Hispanic workers also were much less likely to be low-wage earners in 2005 than in 1995, in part because they were older, better educated and more likely to be employed in construction than in agriculture." Retrieved on August 27, 2007 from the center's web site.

NOTE: This report was originally prepared for release in December, 2007 and reformatted with minor adjustments in February, 2009.

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