

*The Economic Impact of South Carolina's Military Community:
A Statewide and Regional Analysis*



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EXECUTIVE SUMMARY

The military community in South Carolina accounts for a significant portion of the state's total economic activity. In addition to eight major military installations encompassing over 74,000 personnel (including active duty, reserve, and civilian employees), South Carolina's military community includes the S.C. Military Department, the Army Reserve of South Carolina, over 600 defense-contracting firms, and nearly 58,000 military retirees.

Each military installation in South Carolina helps to fuel economic activity by purchasing goods and services from the local community and by providing labor income to military and civilian personnel. In addition, many of the state's military installations induce further economic activity through attracting thousands of out-of-state visitors every year as well as military retirees who choose to live in close proximity to military installations and avail themselves of the facilities and services these installations offer to veterans. Both of these population groups spend part of their income on local goods and services, thereby increasing local demand. All of this economic activity then leads to further rounds of spending known as the economic multiplier effect, which generates further activity within the local region and the state overall.

The purpose of this study is to specifically document the economic impact of the military community on the state of South Carolina. In addition, this study estimates the net loss to the Columbia MSA and to South Carolina that would result from a hypothetical reduction in personnel of 3,071 at the Fort Jackson military base. The key findings of this study are as follows:

- ***The total annual economic impact of the military community on the state of South Carolina is approximately \$19.3 billion.*** This figure represents the dollar value of all final goods and services produced in South Carolina that can be attributed (either directly or indirectly) to the military community. ***This impact corresponds to 152,812 jobs and over \$8.6 billion in labor income for South Carolinians that would not exist otherwise.***
- ***South Carolina's military community is anchored around the state's eight major military installations and the Army Reserve of South Carolina.*** These installations include Fort Jackson, Shaw Air Force Base, Joint Base Charleston, SSC Atlantic, Marine Corps Air Station Beaufort, Marine Corps Recruit Depot Parris Island, Naval Hospital Beaufort, and the South Carolina Military Department (including McEntire Joint National Guard Base). ***Together, these components of the military community generate \$17.9 billion in annual economic activity, along with nearly 144,021 jobs and \$8.2 billion in labor income – as listed below.***

Military Component	Employment	Labor Income	Economic Output
Fort Jackson	19,848	\$1.0 billion	\$2.2 billion
Shaw Air Force Base	13,832	\$1.0 billion	\$2.2 billion
Joint Base Charleston	47,796	\$3.4 billion	\$7.4 billion
SSC Atlantic	31,326	\$1.7 billion	\$3.7 billion
Marine Corps Air Station Beaufort	7,069	\$363.6 million	\$767.0 million
Marine Corps Recruit Depot Parris Island	4,321	\$242.7 million	\$525.7 million
Naval Hospital Beaufort	1,436	\$97.9 million	\$205.5 million
South Carolina Military Department	13,274	\$294.0 million	\$630.0 million
Army Reserve of South Carolina	5,119	\$135.7 million	\$285.5 million
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Totals	144,021	\$8.2 billion	\$17.9 billion

- *The U.S. Department of Defense has committed over \$38 billion to defense contractors operating in South Carolina since 2003. In the most recent federal fiscal year (2014), **defense contractors operating within South Carolina but serving the out-of-state military community supported over \$917 million in economic activity statewide, along with 8,791 jobs and nearly \$402 million in labor income.***
- *Of the nearly 58,000 military retirees living in South Carolina, at least 23,194 are estimated to have chosen to live in the state to gain access to the many veterans' services South Carolina's military installations offer. **These retirees who are "linked" to these installations generate an additional economic impact of \$450.0 million for South Carolina.***
- *South Carolina's military community contributes approximately \$14.8 billion to the state's annual gross state product. This implies that **the military community generates economic activity that produces approximately \$771.4 million in annual tax revenue for the state.***
- *A possible personnel reduction at Fort Jackson of 3,071 (2,363 military and 708 civilian) as a part of the Army's overall reduction of force would generate a substantial net economic loss to South Carolina. **This loss would likely exceed \$952 million in annual economic output, which would translate into job losses totaling approximately 8,101 and be accompanied by \$421 million worth of lost labor income.** The vast majority of this loss (90%) would occur in the Columbia MSA. Accompanying these economic losses would be an annual decline in state tax revenue of \$38.8 million.*
- *This personnel reduction, if implemented, would also be likely to reduce the facilities and services Fort Jackson is able to offer veterans, **which is estimated to reduce the military population of South Carolina by 1,458. This would lead to an additional economic loss to the state of \$28.3 million annually.***