

# Assessing the Impact of BRAC in the Northern Virginia Workforce Investment Board Region

- Executive Summary -

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## **Executive Summary**

No region in the country has been more significantly impacted by the 2005 Defense Base Realignment and Closure (BRAC) recommendations than the Washington National Capital area. In particular, with two of the nation's largest recipients of new personnel at Fort Belvoir in Fairfax County and the Marine Corps Base at Quantico in Prince William County, the net impact on military payrolls and local procurement opportunities is expected to have a positive impact on the economy of the Northern Virginia Workforce Investment Board (WIB) region, which comprises Fairfax, Prince William and Loudoun Counties as well as the cities of Falls Church, Fairfax, Manassas Park, and Manassas. However, much of this impact from BRAC relocations into the area comes at the expense of the rest of the Washington metropolitan economy. At the same time, the WIB region is losing positions from Fort Belvoir and other areas of Fairfax County that would result in a modest loss of jobs and economic output for greater Washington.

The 2005 BRAC report recommends nearly 26,000 military, federal civilian, and private embedded contractor jobs to be relocated to Fort Belvoir and Quantico. Of these jobs, 23,470 or 90 percent will be relocated to Fort Belvoir alone, while Quantico will absorb 2,658 jobs. In addition to significant job gains, the WIB region will also lose more than 3,500 jobs moving to other states from these facilities and leased space in Fairfax County. These BRAC-related moves are all scheduled to occur by September 15, 2011 according to current Congressional mandate.

With the expectation of thousands of new personnel moving to Fort Belvoir and Quantico by 2011, these locations will both need to add to their available facilities substantially to support the new workers. It is estimated that approximately 6.2 million square feet of newly built office space and 7 million square feet of parking will be constructed at Fort Belvoir in the next four years, while 700,000 square feet of office space is planned to be constructed at Quantico, based on available data released by the US Army and the US Marine Corps. In addition to the on-post planned construction projects to support the region's BRAC-related personnel moves, many non-BRAC related activities are planned, including the construction of the Army National Museum in Belvoir, development of commercial and residential construction projects southward along the Route 1/I-95, the transportation improvement projects in Fairfax County, and the development of office and flex space at the Quantico Corporate Center in Stafford County. These projects will combine to make this area of Fairfax, Prince William and Stafford counties become one of the Washington region's most active construction markets during the next five years.

In general, Northern Virginia has been a key driver of the greater Washington economy in no small part due to federal spending, which accounts for approximately 35 percent of the Washington area's gross regional product. Federal procurement represented \$52 billion spent in the Washington area economy in 2005. More than half (52 percent or \$27.3 billion) of that amount was spent in Northern Virginia. DOD contracts are especially important to Northern Virginia where more than 70 percent of

DOD procurement occurred in 2005. Between FY2000 and FY2005, DOD procurement in Northern Virginia nearly doubled.

Most DOD contractors are located in Fairfax County where increases have been particularly large, but other jurisdictions including Loudoun and Prince William have also seen significant increases in defense procurement. However, the data show that annual federal procurement spending increases slowed in 2005 and 2006 and will likely to continue moderating during the next few years.

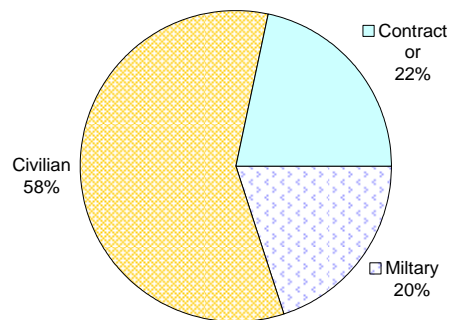
Similar development trends in the Washington area commercial and residential real estate markets are also showing signs of slowing their torrid growth from earlier in the decade. During the past few years, the office market has been strong, but office absorption is not keeping pace with new construction. Likewise, housing prices have moderated, dropping in several jurisdictions during the past few years. Given the expected construction opportunities created by BRAC actions over the next few years, Northern Virginia is still expected to continue leading the way in the region's economic performance.

This study focuses on four key components of impact analysis resulted from the inbound and outbound moves affecting the Northern Virginia WIB region – job relocation impacts, residential relocation impacts, construction impacts, and indirect and induced economic impacts.

#### 1. Job Relocation Impacts

- Military employees account for only 20 percent of the WIB region's DOD affected personnel when factoring both in-bound and out-bound moves (See Executive Figure 1). Of 26,000 inbound jobs expected to be relocated to Fort Belvoir and Quantico, nearly 56 percent are held by DOD civilians, another 20 percent are military jobs, while 24 percent are embedded contractor positions. Similarly, of nearly 4,600 positions relocating from Fort Belvoir, Quantico, and Bailey's Crossroads, nearly three-quarters are federal civilian positions, 20 percent are military jobs, and only 7 percent are embedded contractors.
- The 100 command unit moves resulting from BRAC actions in the Northern Virginia WIB region will add more than 21,500 net new jobs at Fort Belvoir and Quantico, but will shift the great majority of those jobs from other parts of the National Capital area. Losses from Fort Belvoir and Bailey's Crossroads will mostly be jobs leaving the region entirely, resulting in a net loss after all of the planned BRAC moves of nearly 2,000 jobs to the Washington metropolitan area.
- The BRAC actions will result in 4,768 jobs moving from one location to another within the WIB region. Of those, 3,700 are being shifted from NGA

**Executive Figure 1:  
Inbound BRAC Affected Personnel  
by Employment Type**

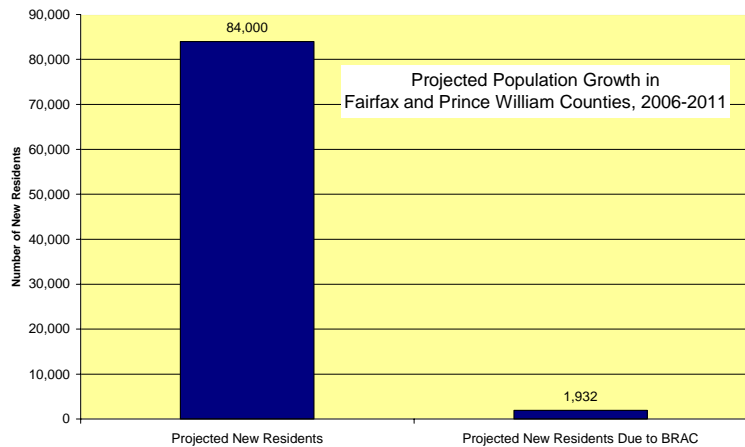


locations in Fairfax County to Fort Belvoir. An additional 409 jobs are being shifted from Fort Belvoir to Quantico, and 659 jobs are being relocated from Bailey's Crossroads to Fort Belvoir.

2. Residential Relocation Impacts:

- The net effect by 2011 on southern Fairfax and Prince William Counties is an estimated 677 new workers moving their households into the area and 1,932 new residents living in those households as a result of BRAC actions in Fort Belvoir, Quantico and Bailey's Crossroads.

**Executive Figure 2:  
Anticipated Population Growth in Selected BRAC  
Affected Areas, 2006-2011**



To place this growth into context, Prince William County alone will likely add more than 60,000 total new residents by 2011. Fairfax will likely add another 24,000 residents. Thus, the likely impact of new residents is relatively small compared with on-going growth in the counties.

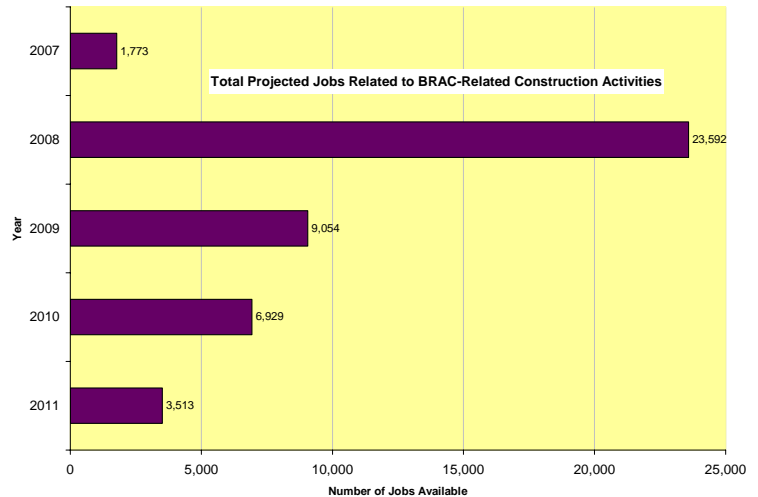
- The BRAC actions will likely cause an increase in Prince William school enrollment of about 358 new children, southern Fairfax County can expect an additional 50 more children, and Stafford County might expect nearly 145 new students by 2011. These numbers pale in comparison to the on-going growth occurring in Prince William and Stafford Counties already. During that same period, Prince William is already projected to add about 11,000 new school-aged children and Stafford will likely add about 3,000 to their school enrollments.

3. Construction Impacts:

- The total outlays associated with the proposed development programs are estimated to total \$4.1 billion inclusive of direct outlays related to construction activities in the Northern Virginia WIB region. Of that amount, \$3.8 billion will be invested at Fort Belvoir in Fairfax County and about \$297 million will be at Quantico in Prince William County.
- The total impact of all BRAC and non-BRAC related construction activities planned at Fort Belvoir and Quantico would create 50,359 construction and related jobs, add \$3.3 billion in new earnings, and \$7 billion in total economic activity during the build-out phase between 2007 and 2011.

- For BRAC-related construction alone, the total impact of this BRAC-related construction spending on the regional economy is expected to be \$6.2 billion between 2007 and 2011. This spending will also generate an estimate of \$2.5 billion in new person earnings that support a total of 44,861 jobs over the entire construction period.
- The actual estimated number of jobs created each year to support the BRAC related construction activities would vary. Based on the current estimated construction schedule for the BRAC-related projects, it is estimated that nearly 23,600 jobs will be generated in 2008, followed by a smaller amount of workers, about 9,054, for those planned construction activities in 2009.

**Executive Figure 3:  
All Direct and Indirect Job Impacts Resulting from  
BRAC-Related Construction, 2007-2011**



- The non-BRAC-related construction activities planned during the same four-year period at Fort Belvoir are likely to add another 5,498 jobs, \$763 million in total economic activity, and \$283 million in additional worker earnings. However, no data on the timing of the construction activities is available so impacts by year are not provided.

4. Indirect and Induced Economic Impacts:

- On the whole, 9,537 net new jobs (including gains as well as losses) will be created in the Northern Virginia WIB region to support Fort Belvoir and Quantico. This number includes about 879 outside-the-base contractor jobs in addition to those embedded in with their respective units. The remaining 8,658 jobs will be in occupations that provide goods and services in the retail, wholesale trade, construction, health care, and local government sectors.

**Executive Figure 4:  
Net Job Impacts from BRAC-  
Related Moves**

Activity	Net Job Impacts
BRAC Recommended Moves *	21,537
Indirect Outside the base Contractor Spin-offs	879
Other Indirect Economic Activity	8,658
<b>Total Indirect Impacts</b>	<b>9,537</b>

- The anticipated gain of 12,568 jobs will result from jobs created to support the 26,128 military, civilian, and embedded contractor jobs being relocated by DOD to Fort Belvoir and Quantico. Of those support jobs, 1,161 positions are most likely to be those contractors with off-base locations, and 11,407 jobs will be those positions created in goods and

services, including retail, wholesale trade, construction, health and local government work.

- The movement of jobs from Fort Belvoir and Bailey's Crossroads to areas outside the region will create some job dislocation, eliminating about 282 off-base contract jobs and another 2,749 other service jobs currently located in the region.
- The net retail impacts generated from the inbound and outbound moves in the Northern Virginia WIB region are expected to be \$61 million. Of this amount of new retail sales, about 80 percent would be contributed by the sales to workers located in Fairfax County, about 10 percent would result from workers located in Prince William County, and about 10 percent would result from travel-related sales primarily associated with training held at Quantico.

Because DOD was unable to provide complete information about the exact nature and scale of jobs to be moved, we were unable to develop specific estimates of the occupations of the affected jobs. Even so, several identified agencies have clear activities and related occupations that will be relocated to the Northern Virginia WIB region. For instance, the National Geospatial-Intelligence Agency's move will likely localize the demand for people with skills related to remote sensing, geographic information systems, network administration and support, and many other related information and geospatial technology disciplines. Similarly, the realignment of Walter Reed National Military Medical Center's community care facilities to the proposed DeWitt Community Hospital will generate a need for nurses, nursing aids, radiologic technologists, and janitorial services at Fort Belvoir.

The planned \$4 billion military construction program at Fort Belvoir and Quantico offers area residents potential employment opportunities in a wide variety of occupations, especially the construction trades. However, these planned construction projects will also increase the demand for supporting jobs in retailing, food services, wholesale trade, administrative services, and local government. The Fort Belvoir and Quantico construction plans alone will result in an estimated 31,000 new construction jobs between 2007 and 2011, while an additional 3,980 workers are expected to find new jobs in retail trade and 1,063 workers will find work in administration and support services during the next five years.

The BRAC-related construction projects will create an unusually large demand for workers in the construction-specific occupations. The planned Fort Belvoir and Quantico projects will require more than 5,500 construction laborers through the construction period, the greatest demand among all occupations. In addition, these projects will also require an anticipated 4,868 carpenters and 2,872 first-line supervisors/managers. The key question is whether the region has the ability to recruit sufficient numbers of workers to meet its demand for BRAC-related construction projects in light of other large efforts on-going in the region. Our study suggests that the timing of the construction projects and the availability of qualified, eligible workers in key skilled construction trades could potentially be two crucial factors affecting the region's ability to meet its demand for workers. These findings are all based on current BRAC plans. Recent announcements

suggesting Congressional support for postponing the final BRAC moves have not been accounted for in the analysis. Such a delay likely would not change the total impacts, but it would spread those impacts over a longer period of time, reducing the concentration of the total economic activity in certain years when the greatest demand for workers will cause strains on construction contractors recruiting available workers.

In conclusion, this report identifies ten major findings summarized here:

1. The vast majority of the jobs being relocated to Fort Belvoir and Quantico are already held by workers living within a relatively easy commuting distance of the two installations.
2. The Fort Belvoir, Quantico, and Bailey's Crossroads relocations' net impact on the greater Washington area will be slightly negative and will especially impact workers living in Maryland.
3. The solutions to addressing worker transition needs must be undertaken in collaboration with other entities in the Washington National Capital region.
4. The likely impact on housing needs will be greatest on Prince William and Stafford Counties, but these impacts will represent only a modest portion of overall growth trends.
5. The largest impact on area school enrollment will be in Prince William and Stafford Counties, but the impact will likely pale in comparison to general growth trends.
6. The first impacts from the BRAC will be seen during the construction phase at Fort Belvoir and Quantico.
7. The great demand for construction trades workers is likely to exacerbate existing shortages in certain occupations.
8. The number of outside-the-base contractors and workers is likely to be relatively small as compared with the number of embedded contractors.
9. The amount of spin-off impacts in retail and consumer services is also expected to be relatively small.
10. To replace workers lost due to attrition and find new hires for DOD positions moving to Fort Belvoir and Quantico, in-demand occupations will likely require two- and four-year degrees in science, technology, engineering, and math (STEM) related fields.