

University of Washington Tacoma

NEWS & INFORMATION



Putting a Number on the Impact of JBLM

A military base economic impact study conducted by UW Tacoma's Center for Business Analytics shows just how strong the linkages are between JBLM and the South Sound community.

(Photo above: Project team for the Center for Business Analytic's economic impact study of Joint Base Lewis-McChord. From left: CBA's Jaime Core, Snehal Gadekar, Pooja Sheth, Navin Sekar, Dr. Margo Bergman, SSMCP's Bill Adamson, Ali Dehghani, Dr. Haluk Demirkan.)

\$8.3 billion.

That's about how much Netflix spent on original content in 2018. It's more than the United Nations annual peacekeeping budget.

And it's also the low-end estimate of the annual economic impact of [Joint Base Lewis-McChord\[2\]](#) on the South Sound.

The figure is the result of a study conducted by UW Tacoma's [Center for Business Analytics\[3\]](#) (CBA), guided by Dr. Margo Bergman, senior lecturer in the Milgard School of Business, and Jaime Core, operations and programs manager in the CBA. The study was commissioned by the [South Sound Military & Communities Partnership\[4\]](#) (SSMCP).

“The study demonstrates the critical importance of JBLM in maintaining a stable regional and state economy.”

—Bill Adamson, South Sound Military & Community Partnership

Bill Adamson, SSMCP program manager, said the scale of the impact is impressive. “I think a lot of people will be surprised to see the scale of JBLM's impact. We've got more than \$8 billion cycling in and through just the South Sound region each and every year.” For the purposes of the study, the South Sound is defined as Pierce and Thurston counties, plus JBLM itself and the Nisqually Indian Reservation.

The scale of its impact is not surprising, given the size of JBLM. When you count active military and Department of Defense civilian employees (51,000), dependents (45,000) and retirees (32,000), the population served by JBLM is almost 130,000. The base is the largest single-site employer in Washington State. It is one of the five largest military bases in the world, and it is the most urbanized base in the United States.

Numbers-wise, the study found at least \$900M of direct, indirect and induced impact from JBLM's operating budget; \$850M from Madigan Army Medical Center's operating budget; \$5.7B from JBLM's overall salaries, wages and benefits; and \$860M of direct, indirect and induced impact from defense contracting.

The impact study differs from previous analyses of the military presence in Washington. It is the first such analysis to focus on a single base and its impact on a specific region, and it is the first to recognize the role of the base population as consumers in the local economy. “Previous studies focused on defense contracts rather than the spending impact of the JBLM workforce,” said Adamson. “The study demonstrates the critical importance of JBLM in maintaining a stable regional and state economy.”

The Milgard School of Business graduate students who worked on the project were Pooja Sheth, Snehal Gadekar, Navin Sekar and Ali Dehghani, all of whom have since earned their M.S. Business Analytics degrees. Guided by Dr. Bergman, they broke JBLM spending into five categories: housing, education, retail spending, health care and taxes. “The students spent hundreds of hours gathering data,” said Dr. Bergman. “Particularly for the housing segment, gathering the data was a huge task.”

The students collected data for both on-base and off-base expenditures. Some data were readily available from public sources. For example, JBLM itself provided data on base payrolls and operations budgets. Education data for families who live off the base came from the school districts that serve the base population. In other areas, the students got creative. “Particularly for the housing segment, gathering the data was a huge task,” said Dr. Bergman. Some housing data was derived from real estate companies Redfin and Zillow. Expenditures were not included separately in the study for the transportation, agriculture, extractive industries and manufacturing sectors. Defense contracting was included, which picked up some of those missing areas.

With massive amounts of data in hand, the students and Dr. Bergman then ran the numbers through what is called an “input-output model,” a series of equations that calculate how an expenditure gets multiplied as it ripples through the economy. For this project, the team used a model and multiplier equations called [IMPLAN\[5\]](#).

“The impact numbers we present in our report are conservative—they are the bottom range of the actual impact,” said Dr. Bergman. Bill Adamson said that SSMCP plans to commission another study in 2019. “We intend to address the constraints of the current study and account for additional sectors of the economy,” he said.

The students got course credit for their work on the study, through an applied project course developed and taught by [Dr. Haluk Demirkan\[6\]](#), the founder and director of the Center for Business Analytics. Pooja Sheth worked on the housing and education sectors along with Snehal Gadekar. Neither had previous experience with the kind of econometric analysis the study required. “The project was quite unique and interesting with lots of learning opportunities,” said Sheth. Both noted that the commitment of the team of students was critical to completing the project, as was the support from JBLM and the community partners. “If you really want to learn something and you have a team of efficient colleagues, then nothing is impossible,” said Gadekar.

Adamson said the study and future updates will be invaluable in upcoming base realignment and consolidation activities of the Department of Defense. “We are now able to arm local, state and federal leaders with quantitative analyses that validate the importance of JBLM to this region and simultaneously demonstrate how this region contributes to national defense.”

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WRITTEN BY: John Burkhardt / December 18, 2018

MEDIA CONTACT: John Burkhardt, UW Tacoma Communications, 253-692-4536 or johnbjr@uw.edu[12]

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