

# **Economic Impact of Mountain Home Air Force Base (MHAFB) in Elmore County and the state of Idaho for the year 2018**

Prepared for:

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April 4, 2019

## **Economic Impact of Mountain Home Air Force Base on Elmore County**

The purpose of the study is to estimate the economic impact of Mountain Home Air Force Base (MHAFB) on Elmore County and the rest of the state of Idaho. The study uses the input-output software IMPLAN<sup>1</sup>.

We estimate that in 2018, covered employment Elmore County, both civilian and military was slightly more than 10,800<sup>3</sup>. Of these, 3,746 or 35% were military personnel employed on the Base. In addition there were another 785 civilian employees which means that military and civilian employees of the Air Force made up 42% of the county's employment.

<b>Employment in Elmore County in 2018</b>		
Total Employment in Elmore County, Civilian and Military	10,810	
Military Employment on MHAFB	3,746	35%
Military and Civilian Employment on MHAFB	4,531	42%
Agricultural Employment including operators and employees	1,200	11%
Education and Health Services	480	>4%
Trade, Transportation, and Utilities	400	<4%

Without question, MHAFB is the dominant economic player in the County. Without the Base there would not be much left besides agriculture, the freeway, Three Island Crossing State Park, and the recreational activities on the Snake River and in the mountains to the north. Agricultural employment in the county peaks in the summer months at about 1,200 workers.<sup>4</sup> Employment in Education and Health Services, both provided in the private sector employed 480 in 2018. Employment in Trade, Transportation, and Utilities which a catchall category including wholesale and retail trade, all forms of transportation (highway and rail), and all private sector utilities, primarily electricity and natural gas employed another 400.<sup>5</sup> These sectors are important to the diversity of the Elmore County economy but employment in none of them come close to the 4,531 military and civilian employees at the Base.

The economic impact of MHAFB is not limited to these 4,531 employees. To operate the Base the Air Force contracts with local firms for construction and maintenance of some of the facilities; for utilities; for education; for some retail purchases; and even some services of local travel agencies. This interaction of the Base with the local business community sustains more employment. We estimate an additional 261 jobs in Elmore County are required to provide these services.

The economic impact of the Base must also include the employment that is required to sustain the increased household spending. This includes the spending of the military and civilian employees of the Base but also the spending of all employees that are in

any degree dependent on the operation of MHAFB. This spending is spread among the county's restaurants, bars, gas stations, automotive dealers, and general merchandise retailers.

The total impact of MHAFB on Elmore County is summarized in the following table.

<b>Elmore County</b>				
	<b>Employment</b>	<b>Labor Income</b>	<b>All Income Received from Local Production</b>	<b>Output</b>
Direct Effect	4,780	\$230,187,522	\$447,392,995	\$678,505,570
Indirect Effect	1,059	\$31,306,741	\$53,706,887	\$114,053,092
Total Effect	5,839	\$261,494,263	\$501,099,882	\$792,558,662

- The operation and maintenance of the Base requires the employment of 4,780 workers
- An additional 1,059 workers are required to support those 4,780 directly employed on the Base
- In Elmore County the operation of MHAFB:
  - Sustains the employment of 5,839 workers in Elmore County, or 54% of total Elmore County employment
  - Creates \$261.5 million in labor income
  - Increases the total of all forms of income (labor income, interest, rent, and profit) by \$501.1 million
  - Increases the value of goods and services produced in the county by \$792.6 million

### **The Economic Impact of MHAFB on the Rest of the State**

There is also interest in the impact MHAFB has on Idaho, other than Elmore County. The following table summarizes the economic impact MHAFB has on the rest of the state of Idaho. Perhaps, surprisingly, our estimates show little impact.

The direct effects of the Base on the rest of the state are zero because the direct effects all occur in Elmore County. Consequently the economic impact outside Elmore County will be reflected in the interaction that contractors operating on the base have with their suppliers and the retail purchases of Elmore County residents in Ada and Canyon counties. Our results, summarized in the following table, show a small impact.

## Economic Impact of MHAFB on the Rest of the State

	Employment	Labor Income	All Income Received from Local Production	Output
Direct Effect	0.0	\$0	\$0	\$0
Induced Effect	0.1	\$6,708	\$15,450	\$36,803
Total Effect	0.2	\$11,806	\$30,506	\$69,307

The economic impact on the rest of the State:

- There is an increase of 0.2 jobs
- Labor income is increased by \$11,806
- All forms of income are increased by \$30,506
- The State's production of goods and services is increased by \$69,307

That the economic on the rest of the state is so small requires some explanation. First, the importance of the retail opportunities provided on-base must be taken into account. Second, MHAFB is fairly remote and travel to Boise for groceries or other retail purchases requires a substantial expenditure of time and money. Thirdly, because of this remoteness the business community of Mountain Home and the retail facilities at the Base have expanded to provide the kinds of retail services most in demand by the local community. Lastly, the remoteness also contributes to the attractiveness of on-line purchases which obviously are not restricted to Idaho and other than delivery services, would have little impact on the county.

## Notes

(1) IMPLAN is the foremost software used to estimate regional economic impacts. It is the product of MIG Inc. of Huntersville, North Carolina.

(2) Direct effects are the employment and income of those directly involved with the operation and maintenance of MHAFB. This includes salaries and money spent for supplies of those firms operating on the Base. The direct effects from the initial spending creates additional activity in the local economy. These are the direct effects. Indirect effects are the results of (1) the business-to-business transactions indirectly caused by the direct effects. The indirect effect is a measure of this increase in business-to-business activity (not including the initial round of spending, which is included in the direct effects). Induced effects are the results of increased household spending caused by the income generated by the direct and indirect effects. In this paper the indirect and induced effects calculated by IMPLAN and added together and referred to as "Indirect Effects".

(3) The Bureau of Labor Statistics calculates civilian non-farm employment. The average monthly employment through September 2018 (the most current month available) was about 7080 jobs. To estimate total employment in Elmore County, military employment at the Base is added to the civilian employment. The civilian employment as reported by BLS includes civilian employees at the Base.

(4) Idaho Department of Employment at <https://lmi.idaho.gov/farm-labor>

(5) U.S. Bureau of Labor Statistics at <https://www.bls.gov/web/cewdat.supp.toc.htm>