

**The Economic and Fiscal Impacts of DoD Spending
on the Commonwealth of Virginia in FY 2008**

Prepared for

The Virginia National Defense Industrial Authority
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By

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Executive Summary

Spending by the Department of Defense in support of its activities—defense installations, uniform and civilian personnel, retirees, and federal contractors—represents a major source of jobs and income within the Commonwealth of Virginia and generates significant direct and indirect economic activities throughout all sectors of the State’s economy. Additionally, DoD spending and the jobs and payroll this spending supported generate a significant surplus of state-level revenues relative to the demands placed on state-funded services. These economic and fiscal impacts are summarized in the following table.

In FY 2008 DoD spending in the Commonwealth of Virginia contributed \$57.4 billion to the State’s economy accounting for 15.6 percent of the total value of the goods and services produced in the State. This DoD spending and its re-spending within the State’s economy supported a total of 902,985 jobs (both directly funded and supported indirectly by the re-spending of DoD funds within the State) representing 18.9 percent of the state’s total job base and generated \$44.4 billion in personal earnings accounting for 17.4 percent of the total personal earnings of all workers residing within the State.

Summary of Economic and Fiscal Impacts
DoD Spending in the Commonwealth of Virginia, FY 2008
(in billions of 2008 \$s)

Source	GSP(1)	Personal Earnings(2)	Jobs(3)
Economic Impacts			
Direct Payroll	\$22.4	\$19.3	339,941
Contracting	33.6	23.9	537,258
Construction	1.4	1.1	25,786
Totals*	\$57.4	\$44.4	902,985

Sources: EMSI, GMU Center for Regional Analysis

*sum of the individual values may not add to the totals due to rounding; \$118 million in DoD grants were not included in this analysis.

(1) Contribution to gross state product; (2) income accruing to workers residing in Virginia; (3) total direct and indirect jobs supported by type of DoD spending in the State;

Fiscal Impact	Revenues	Expenditures	Net Benefit
Per Job (Actual \$s)	\$2,849.22	\$1,000.70	\$1,848.52
Totals (\$s in millions)	\$1,689.38	\$593.34	\$1,096.04

Sources: Urban Analytics, Inc.; GMU Center for Regional Analysis

The fiscal impacts of DoD spending and the workers it supported generated a significant net revenue benefit for the State in FY 2008. On average, for each job associated with DoD spending inclusive of all taxable expenditures associated with DoD-funded activities within the State, the revenues generated exceeded the expenditure demand placed on the State's budget by \$1,848.52; that is, for each \$1 in expenditure demand, \$2.85 in state revenues were collected for each employee (including military retirees) associated with DoD spending inclusive of related business spending. The total fiscal benefit accruing to the State from DoD-supported economic activities in the State in FY 2008 was \$1.1 billion.

DoD spending in the Commonwealth totaled \$54.5 billion in FY 2008 and ranked first among all states on a per capita basis (\$6,713.06) representing a funding advantage of \$4.26 to \$1.00 compared to the U.S. average. This DoD spending is an important source of economic activities, personal earnings, jobs and fiscal benefits for the State. In the absence of this spending, the economy would be 15.6 percent smaller, support 18.9 percent fewer jobs and face a budget gap of \$1.1 billion.