

**Economic Impact of Proposed Closure
of the Portsmouth Naval Shipyard at Kittery and DFAS Center at Loring
and Realignment of the Naval Air Station at Brunswick**

The following impact figures are approximate. They are created using currently available information at this time on the proposed closures and realignment of three major Department of Defense (DOD) facilities in Maine. This analysis was conducted using the U.S. Department of Labor, Bureau of Economic Analysis RIMS II economic model.

Since there are a number of unknown factors at this time, such as the details of the proposed realignment at the Brunswick station, the portion of military payroll spent off base in the local economy, or operating expenses of the DFAS center, the figures presented are not precise and should be considered preliminary.

Of the 6900 civilian and military jobs proposed to be cut in Maine, 5600 are represented at the three locations examined. An additional 1800 jobs are held by New Hampshire residents working at the Kittery shipyard. The analysis is limited to Maine impacts and does not include the New Hampshire residents nor does it include expenditures made by the yard to firms outside of Maine. It should also be noted that total employment at the DFAS center in Limestone is higher than DOD reported. The higher figure is used here.

Overall, the closure of Kittery and Limestone facilities and proposed realignment at Brunswick are estimated to result in a loss of almost 12,000 Maine jobs. A total of 546 jobs are projected to be lost in the Limestone area and 6,788 (Maine portion only) at Kittery. Realignment of NASB is estimated to result in a job loss of 4,655, or about 45% of the total direct and indirect employment associated with the base today.

Summary of Total Estimated Impact

Earnings (in \$millions)				
	<u>Direct</u>	<u>Indirect</u>	From	<u>Total</u>
		Payroll	Spending	
DFAS	\$10.0	\$4.9	\$1.0	\$15.9
NSY	\$202.3	\$97.2	\$14.9	\$314.4
NAS	\$69.5	\$20.4	\$45.0	\$134.9
Total	\$281.8	\$122.5	\$60.9	\$465.2
Employment (in number of jobs)				
	<u>Direct</u>	<u>Indirect</u>	From	<u>Total</u>
			Spending	
DFAS	364	166	16	546
NSY	2972	3308	508	6788
NAS	2461	694	1500	4655
Total	5797	4168	2024	11989

Portsmouth Naval Shipyard -- Kittery**Baseline**

	Payroll (\$m)	Employment
Civilian	\$186	2771
Military	\$17	201
Total	\$202	2972
Spending (in \$m)		
	Maine	Total
Purchases	\$2.3	\$46.4
Public Works	\$13.7	\$27.4
PW-Util	\$9.5	
	\$25.5	\$73.8

Impact

Total Earnings (in \$ millions)

<u>Earnings</u>	<u>Direct</u>	<u>Indirect</u> (payroll)	(purchases)	<u>Total</u>
Civilian	\$185.5			
Military	\$16.8			
Procurement	\$0.0		\$14.9	
Total	\$202.3	\$97.2	\$14.9	\$314.4

Total Employment (in number of jobs)

<u>Employment</u>				
Civilian	2771			
Military	201			
Procurement			508	
Total	2972	3308	508	6788

Note: Data represents portion in Maine only.

DFAS Center -- Limestone

	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Earnings (in \$m)	\$10.0	\$4.9	\$14.9
Employment (jobs)	364	166	530
Operations (per \$million)			
Output (in \$m)	\$1.0	\$0.8	\$1.8
Earnings (in \$m)		\$0.5	\$0.5
Employment (jobs)		15.8	15.8
Total Earnings Impact: (in \$m)			\$5.9
Total Employment Impact (jobs)			546

Note: Operational Expenditures at the Center are unknown. Operations data show the effect of \$1 million in spending.

Naval Air Station - Brunswick

Baseline

	Payroll (\$m)	Employment
Civilian	\$22	817
Military	\$125	4410
Total	\$147	5227

	Value (\$m)
Procurement	\$20
	\$42
	<u>\$34</u>
Total	\$96

Impact

Total Base Effect:

		Total Earnings (in \$ millions)		
		Direct	Indirect	Total
Payroll	Civilian	\$22.0	\$10.8	\$32.8
	Military	\$125.0	\$53.4	\$178.4
Procurement		\$0.0	\$84.5	\$84.5
Total Earnings		\$147.0	\$148.7	\$295.7

		Total Employment (in number of jobs)		
Employment	Civilian	817	365	1182
	Military	4410	1817	6227
Procurement			2736	2736
Total Employment		5227	2182	10145

Note: Impact of complete shutdown

Under Realignment:

(assume loss of 2400 military and 61 civilian personnel)

		Earnings (in \$ millions)		
		Direct Loss	Indirect Loss	Total Loss
Payroll	Civilian	\$2.0	\$1.0	\$3.0
	Military	\$67.5	\$19.4	\$86.9
Procurement		\$0.0	\$46.3	\$46.0
Total Earnings		\$69.5	\$66.7	\$135.9

		Employment (in number of jobs)		
Employment	Civilian	61	33	94
	Military	2400	661	3061
Procurement		0	1500	1500
Total Employment		2461	694	3155

Note: Effect on procurement and purchasing is unknown at this time. Estimate assumes there would be substantial reductions in construction and medical purchases

Portsmouth Naval Shipyard, Kittery, Maine

The total impact of closure of the Kittery shipyard is a loss of nearly 12,000 jobs and over \$500 million in earnings, primarily in Maine and New Hampshire, with a smaller loss in other New England states from which the yard has significant purchases.

Approximately 58% of the impact would be felt in Maine.

Portsmouth Naval Shipyard, Kittery, Maine**Total Earnings (in \$ millions)**

Earnings	Direct	Indirect	Total
Civilian	318.3	155.1	473.4
Military	16.8	6.8	23.6
Procurement*		42.4	42.4
TOTAL	335.1	204.3	539.4

Total Employment (in number of jobs)

Employment	Direct	Indirect	Total
Civilian	4803	5282	10085
Military	201	230	431
Procurement*		1447	1447
TOTAL	5004	6959	11963

*Procurement = spending in New England States
 Procurement From outside New Eng 343 jobs

Note: Another 800 military and 24 civilian positions in NH. noted in NH study.
 Not shown on the DOD list submitted to the BRAC Comm. and not included above.

Note: NH and other states impact is estimated using multipliers for Maine.
 Multipliers for other states would be slightly different and produce different results.

Impact of Portsmouth Naval Shipyard on Maine only:

Total Earnings (in \$ millions)

<u>Earnings</u>	<u>Direct</u>	<u>Indirect</u> (payroll)	<u>Indirect</u> (purchases)	<u>Total</u>
Civilian	185.5			
Military	16.8			
Procurement	0.0		14.9	
Total	202.3	97.2	14.9	314.4

Total Employment (in number of jobs)

<u>Employment</u>				
Civilian	2771			
Military	201			
Procurement			508	
Total	2972	3308	508	6788

Comparison of Impact on Maine vs. Other New England States:

	Maine	Other States Total	
Earnings (\$m)	\$314.4	\$225.0	\$539.4
Jobs	6788	5175	11963
Percent of:			
Earnings	58.3	41.7	100.0
Jobs	56.7	43.3	100.0

Note: Does not include an estimated 343 jobs outside New England