

Pluses and Minuses of Military Installations in Eastern North Carolina—A Summary

<u>Impact Area</u>	<u>Pluses for Military</u>	<u>Minuses for Military</u>
1. Economic impact	<p>The military provides more than 137,000 jobs and \$3.9 billion in actual annual payroll. Estimates of total economic impact have varied widely, but East Carolina University's Regional Development Institute places the impact at some \$18.1 billion. Most of this impact accrues to Eastern North Carolina, the home of all six of the state's major military installations. Eastern counties with military bases have higher per capita income and lower unemployment than non-military counties.</p>	<p>Spin-off development in military communities produces high proportions of low-paying retail jobs. Large deployments may cause swings in economic conditions, hurt local merchants, and reduce state and local sales tax revenue.</p>
2. Defense contracts	<p>North Carolina military bases awarded \$2.4 billion in contracts to outside firms in 2004, ranking the state 23rd in the nation for such contracts. North Carolina is seeking to increase its share of military contracts through the Military Business Center at Cumberland Technical Community College.</p>	<p>With the nation's 4th highest number of troops, the state doesn't get its fair share of contracts. Of the \$2.4 billion in <i>contracts</i> awarded by military bases in N.C., only \$460 million went to N.C. firms. Of more than \$200 billion in Department of Defense <i>procurement</i> in 2004, less than 1 percent came to North Carolina.</p>
3. Ports	<p>Business at North Carolina's two ports at Wilmington and Morehead City increased 24.5 percent in 2004, in part due to increased use by the military.</p>	<p>With \$562,000 in revenue produced by military shipping at Morehead City, and \$3 million at Wilmington, the military still generates only modest amounts of revenue for state ports. Military shipping will wax and wane with overseas deployments.</p>

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4. Sales taxes and property taxes

Average property tax rates in the eight military counties are below the mean for the 41 counties of the Eastern region. The decline in sales tax revenue was not severe for the initial phase of the Operation Iraqi Freedom deployment in 2002. A major military presence also produces large volumes of revenue producing retail sales.

Federal property is exempt from taxation by local government. Property tax rates in counties with major military installations might be even lower were it not for the thousands of acres of federal property excluded from the tax rolls—42,240 acres in Cumberland County alone. Military counties likely would have higher sales tax revenue without major deployments. Operation Desert Storm was thought to contribute to a statewide recession that helped empty the state's coffers through a drop-off in sales tax revenue in 1991. Military personnel with cars registered out of state do not pay property taxes on these vehicles. Unless they are N.C. residents, military personnel do not pay state income tax either.

5. Taxpayer-financed services, as well as growth and housing

The flood of military personnel living off base means more taxpaying citizens to help compensate for vast acreage taken off the tax rolls by the federal government.

Low-cost housing built for military personnel often will not return through property tax revenues the full cost of providing local government services.

6. Public schools

Military dependents bring diversity to the region's public school classrooms, bringing students from across the nation into local communities. Federal impact aid provides some support for local school systems educating military dependents, and military dependents typically live off base in private housing subject to local property taxes.

School officials argue that federal impact aid is not sufficient to cover the full cost of educating military dependents. In Cumberland County, for example, 16,000 federally connected students make up more than 30 percent of public school students. However, impact aid contributes less than 2 percent of the Cumberland County school system's operating budget.

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7. Military spouses, retirees, and the local work force	Thousands of retirees leave the military each year. The typical retirement age is 42 for enlisted personnel and 46 for officers, so they provide a ready work force and volunteer labor pool. Military pensions provide a revenue stream that helps support the local economy. Military spouses may also bring marketable job skills. Streamlined licensing requirements and educational opportunities provided in the 2005 N.C. Military Support Act may help with the problem of underemployment for both military spouses and retirees who wish to enter the civilian work force.	Military communities typically do not have enough job opportunities to support the large numbers of persons leaving the military or provide job opportunities to military spouses. Underemployment is an oft-cited problem. Military retirees can shop on base, and many do, so some of the income they bring to a community is not harvested there.
8. Crime, domestic violence, and child abuse	Statewide crime statistics indicate that crime rates in military counties generally are no higher, and in some instances are lower, than in counties with similar demographics and no military installations. In 2004, four of eight military counties had crime rates lower than the statewide crime rate of 4,574 per 100,000 population.	State crime statistics generally do not include a broad range of crimes committed on base. However, both Cumberland and Onslow counties—North Carolina's largest host counties for the military—had the highest child homicide rates in the state, according to a study by the N.C. Child Advocacy Institute. Domestic violence homicides also were found to be elevated in 2002, with five homicides recorded in Cumberland County in 43 days. Thus, a major military presence may mean increased risk for child and domestic abuse.

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9. Race relations	<p>The military generally has been a leader in race relations. The City of Jacksonville, home of Camp Lejeune, is hailed as the least segregated city in the nation with a population of more than 22,000. Fort Bragg integrated its schools long before the federal government required integration in the U.S. Supreme Court decision in <i>Brown versus Board of Education</i>.</p>	<p>Despite its generally good record, the military's reputation on race has been stained on occasion by hate crimes. The December 1995 slayings on the streets of Fayetteville of two African Americans by three white soldiers affiliated with a hate group prompted a high-level investigation by the military.</p>
10. Presence of drinking establishments, pawn shops, and tattoo parlors	<p>With some exceptions, military counties do not have more tattoo artists or pawn loan shops than do similarly populated counties across North Carolina. Military boosters credit the rise of the all-volunteer military, higher marriage rates for troops, and general efforts to improve the military's image with having some success in cleaning up the street scene around major military bases.</p>	<p>Military counties do have more drinking establishments per capita than average for the 41-county eastern region or the state as a whole. Only nine "adult entertainment" establishments are registered in the entire state so data are incomplete in this area. Onslow County, home of Marine Corps Camp Lejeune, leads the state in tattoo artists per capita.</p>

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11. Environment

Military installations have taken a stronger role in environmental stewardship—attempting to clean up fouled drinking water, protect endangered wildlife, and enter into partnerships with the state to acquire land to help protect water quality.

Environmentalists challenge the military on several fronts. Contaminants have fouled drinking water at both Fort Bragg and Camp Lejeune. Unexploded ammunition is a problem on active and abandoned bombing ranges and training grounds. A Navy proposal to acquire 30,000 acres for an off-site landing field in Washington and Beaufort counties was found to have given too little consideration to environmental issues such as the presence of large numbers of migratory waterfowl. Noise from low-flying jets also draws complaints.

12. Air space restrictions

Eastern North Carolina has seen expanded military airspace for practice maneuvers and likely will see more, but much of this airspace is available when not scheduled for use by the military. Air traffic controllers on military bases have added a safety element by making their services available to civilian use. Military pilots must practice their skills, and some air space restrictions must be expected as a result.

Military air space used for practice maneuvers begins to pinch places such as Dare County Regional Airport in Manteo. Flying through military operating areas can be intimidating for a private pilot. Local officials worry that future proposed military training routes could restrict traffic even more and negatively affect tourism. The Outer Banks and the Carteret County beaches, both popular with private pilots, also are under consideration for military training routes.