



## MEMO

May 18, 2005

*This memo is preliminary in nature and subject to revision and review. Any views expressed are not necessarily those of the Federal Reserve Bank of Boston or the Federal Reserve System.*

To: Internal Request, Federal Reserve Bank of Boston  
From: Antoniya Owens, Research Assistant  
Re: **The Impact of Military Base Closings on New England**

---

On May 13, 2005, the Department of Defense announced its recommendations to restructure comprehensively military facilities across the United States. It proposes to close 180 military installations and offices, including 33 major bases, and to realign 29 other major bases. Overall, the proposed closings, reductions, and realignments will affect over 800 military facilities in all 50 states as well as overseas.

The proposed reshaping of military infrastructure is expected to generate net savings of \$48.8 billion over the next two decades, and an average of \$5.5 billion a year after that. If this estimate is adjusted to reflect savings from overseas base realignments, the net savings increase to \$64.2 billion.

To say that New England will be significantly and disproportionately affected by the proposed base restructuring would be an understatement. New England's population is only 5% of the total US population, yet the region will shoulder just under 50% of the net job losses nationwide. The potential job losses amount to 14,442 jobs for New England and 29,005 jobs for the US as a whole. The proposal recommends 13 facilities in New England for closing, 4 for realignment, and 8 for expansion. The New England Council estimates the potential cumulative hit to the area to be around \$4 billion.

**Connecticut** stands to absorb the largest single job loss in the nation – 8,586 jobs, nearly 30% of the total nationwide figure. 8,460 of the lost jobs result from the closing of Naval Submarine Base New London in Groton. Of these, 7,096 are military jobs and 952 are civilian positions. The Pentagon has projected savings of \$1.6 billion over 20 years from closing the base and transferring its fleet to bases in Virginia and Georgia. Local Connecticut officials estimate the economic loss from the base closing to \$2.5 billion.

**Maine** is the second largest net job loser with 6,938 estimated lost jobs (24% of the national estimate). The proposed closing of the Portsmouth Naval Shipyard in Kittery accounts for 4,510 of the jobs. The shipyard represents a quarter of the Kittery-York labor market, and buys an estimated \$30 million worth of supplies from New England companies every year. The Naval Air Station in Brunswick, the only active duty airfield in New England, faces a major realignment and a transfer of its aircraft to a base in Florida.



This will amount to 2,420 lost jobs, representing about half of the active-duty military personnel at the base.

Overall, the Pentagon projects that the closing of major bases and smaller military sites in Connecticut and Maine would be accompanied by the loss of nearly 30,000 on-base and off-base jobs.

Massachusetts, New Hampshire, Rhode Island, and Vermont all face net job gains, albeit of much smaller absolute magnitudes. The net added jobs for **Massachusetts** and **Rhode Island** are 491 and 531, respectively. The jobs are generated mostly by the expansion of Hanscom Air Force Base in Bedford, Mass. (1,104), and Naval Station Newport in Rhode Island (533). These gains offset job losses from the closings of several smaller sites, including the Otis Air Guard Base in Massachusetts.

The impact of the recommendations on **New Hampshire** is the smallest, with only 4 net jobs added. Whereas a total of 21 states are gaining net jobs, **Vermont** is the only state that suffers absolutely no job losses. It stands to gain 56 new jobs through the proposed expansion of the Burlington International Airport Air Guard Station.

### Sources:

*BRAC 2005 Closure and Realignment Impacts by State*. U.S. Department of Defense.  
<http://www.defenselink.mil/brac/> Accessed May 2005.

Jim Garamone. "BRAC 2005: Closings, Realignments to Reshape Infrastructure." American Forces Information Service New Articles. U.S. Department of Defense. May 13, 2005.

"DoD BRAC Recommendations Expected to Save Nearly \$50 Billion." Office of the Assistant Secretary of Defense (Public Affairs) News Release. U.S. Department of Defense.  
<http://www.defenselink.mil/releases/2005/nr20050513-3142.html/> Accessed May 2005.

Matt Viser. "Latest Threat of Shipyard Closure Leaves Region Unnerved." *The Boston Globe*. April 17, 2005.

Eric Schmitt. "Pentagon Seeks to Shut Dozens of Bases Across Nation." *The New York Times*. May 14, 2005.

Peter Urban. "Caught Off-Base: State Suffers Worst Hit with Military Cutbacks." *The Connecticut Post*. May 14, 2005.

"Base Closing Hit New England Hardest." *The Associated Press*. May 14, 2005.

"Consultant: Time Is Now to Plan Beyond Shipyard." *The Associated Press*. May 16, 2005.

Matt Apuzzo. "AP Enterprise: Connecticut Sub Base a 'Minefield' of Pollution." *The Associated Press*. May 25, 2005.

