The Trump Budget and
The Washington Region’s Economy: Part 1

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May 12, 2017

The Washington Region’s Changing Economy: Setting the Stage
Washington MSA Annual Job Change
Month-Over-The-Year

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

100 = 2010

Sources: U.S. Bureau of Economic Analysis, IHS Economics (January 2017), The Stephen S. Fuller Institute at the Schar School, GMU
Washington Region Job Change: Private Sector
The Great Recession and Recovery

Aug 2008-Feb 2010
Total -180
-23.7
-22.7
-34.4
-48.6
Feb 2010-Feb 2017
Total +331
76.1
86.2
22.9
33.0
19.0
10.1
79.3
4.0
-4.4
-8.4
-10.0
-11.6
-9.8
-6.7

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

Average Wage in the Washington Region
(000s of 2015 $s)

Sources: Bureau of Labor Statistics; The Stephen S. Fuller Institute
Annual Job Change, 2002-2017
Revision to Preliminary Data
Washington Region

Annual Month-Over-Year Change

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

Washington MSA Job Change Revisions 2015-2016

Ranked by Size in 2016
- Professional & Business Services
- Education & Health Services
- Federal Government
- State & Local Government
- Leisure & Hospitality Services
- Retail Trade
- Other Services
- Financial Activities
- Construction
- Information Services
- Transportation & Utilities
- Wholesale Trade
- Manufacturing

Total Revision = -16,800

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
Growth Rates of the Washington Region’s Advanced Industrial Clusters

Sources: U.S. Bureau of Labor Statistics (QCEW), The Stephen S. Fuller Institute at the Schar School, GMU

Washington Region’s Employment Change in the Advanced Industrial Clusters: March 2014 – March 2016

<table>
<thead>
<tr>
<th>Clusters</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clusters</td>
<td>1.9%</td>
</tr>
<tr>
<td>Non-Cluster, Private</td>
<td>4.9%</td>
</tr>
<tr>
<td>Government</td>
<td>1.8%</td>
</tr>
<tr>
<td>Total Jobs</td>
<td>3.5%</td>
</tr>
<tr>
<td>Clusters, U.S.</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

Sources: U.S. Bureau of Labor Statistics (QCEW), The Stephen S. Fuller Institute at the Schar School, GMU
Annual Job Change, 2002-2017
Washington Region

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

District of Columbia
Annual Job Change, 2002-2017

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
Suburban Maryland  
Annual Job Change, 2002-2017  
Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU  
Mar 17 = +26.6

Northern Virginia  
Annual Job Change, 2002-2017  
Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU  
Mar 17 = +28.1
Population Growth by Sub-State Area Washington Region, 2010 to 2016

Sources: U.S. Census Bureau (v2016 Population Estimates); The Stephen S. Fuller Institute at the Schar School, GMU

Population Growth By Component Change Washington Region (in 000s)

Sources: U.S. Census Bureau (v2016 Population Estimates); The Stephen S. Fuller Institute at the Schar School, GMU

Total Increase: +1.9% +1.6% +1.5% +1.1% +1.0% +0.9%
The Trump March 16\textsuperscript{th} Budget Blueprint

Increase DOD spending by $52.0 billion
Increase VA spending by $4.4 billion
Increase DHS spending by $2.8 billion

To make these spending increases neutral, decrease spending across other federal agencies (EPA, -31%; State, -29%; Agri, -21%; Labor, -21%; HHS, -18%; Commerce, -16%; Edu, -14%; HUD, -13%; DOT, -13%; Energy, -6%; SBA, -5%; Treasury, -4%; Justice, -4%; NASA, -1%; plus savings by eliminating 19 independent agencies
The Trump Budget and The Washington Region’s Economy: Part 2

May 12, 2017

The Washington Region’s Directly Related Federal Economy and Current Economic Outlook
Federal Procurement in the Washington Region, 1980-2016

Total = $1,303.9 Billion

(< 80-90 = $96.5B) < 91-00 = $207.9B > | < 01-10 = $562.5B > 11

Federal Employment in the Washington Region, 1950-2016

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU
Federal Government Jobs
Washington MSA

(000s)
-20 -15 -10 -5 0 5 10 15 20 25

Annual Change
2002 2006 2010

Annual Month-Over-Year Change

Mar 17 Total = 366.8

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted), The Stephen S. Fuller Institute at the Schar School, GMU

Employment Change by Sub-State Area
Baseline Forecast (000s)

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D.C.</td>
<td>5.2</td>
<td>15.9</td>
<td>13.0</td>
<td>8.9</td>
<td>5.3</td>
<td>4.9</td>
<td>4.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Sub. MD</td>
<td>10.2</td>
<td>12.5</td>
<td>14.4</td>
<td>14.4</td>
<td>12.7</td>
<td>10.9</td>
<td>8.0</td>
<td>5.7</td>
</tr>
<tr>
<td>No. VA</td>
<td>0.8</td>
<td>29.8</td>
<td>31.0</td>
<td>23.9</td>
<td>26.6</td>
<td>19.7</td>
<td>13.7</td>
<td>12.9</td>
</tr>
<tr>
<td>REGION</td>
<td>18.6</td>
<td>57.7</td>
<td>55.6</td>
<td>45.9</td>
<td>41.3</td>
<td>33.1</td>
<td>27.9</td>
<td>24.0</td>
</tr>
</tbody>
</table>

Average Annual Change 1990-2010 = 36,300

Sources: BLS, IHS Economics, The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of April 2017)

NOTE: The regional totals include Jefferson, WV.
Potential Impacts on the Washington Economy from Potential Reductions in Federal Spending

The Direct Effect of the Trump Blueprint on Federal Jobs in the Region

<table>
<thead>
<tr>
<th></th>
<th>Federal Jobs</th>
<th>As a % of Federal Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>(14,000)</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Suburban Maryland</td>
<td>(5,500)</td>
<td>(6,000)</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>(500)</td>
<td>(3,600)</td>
</tr>
<tr>
<td>Washington Region</td>
<td>(20,000)</td>
<td>(24,600)</td>
</tr>
</tbody>
</table>

Source: The Stephen S. Fuller Institute at the Schar School, GMU
### The Direct Effect of the Trump Blueprint on Federal Salaries in the Region

<table>
<thead>
<tr>
<th></th>
<th>Federal Salaries (Billions)</th>
<th>As a % of Federal Salaries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$ (1.6)</td>
<td>$ (1.7)</td>
</tr>
<tr>
<td>Suburban Maryland</td>
<td>(0.6)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>(0.1)</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Washington Region</strong></td>
<td>$ (2.3)</td>
<td>$ (2.7)</td>
</tr>
</tbody>
</table>

Source: The Stephen S. Fuller Institute at the Schar School, GMU

### The Direct Effect of the Trump Blueprint on Federal Procurement in the Region

<table>
<thead>
<tr>
<th></th>
<th>Federal Procurement (Billions)</th>
<th>As a % of Federal Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>$ (0.7)</td>
<td>$ (0.8)</td>
</tr>
<tr>
<td>Suburban Maryland</td>
<td>(0.9)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>0.8</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Washington Region</strong></td>
<td>$ (0.8)</td>
<td>$ (1.2)</td>
</tr>
</tbody>
</table>

Source: The Stephen S. Fuller Institute at the Schar School, GMU
The Direct Effect of the Trump Blueprint on Federal Grants in the Region

<table>
<thead>
<tr>
<th></th>
<th>Federal Grants (Billions)</th>
<th>As a % of Federal Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>$ (0.9)</td>
<td>-15.5%</td>
</tr>
<tr>
<td>Suburban Maryland</td>
<td>(0.1)</td>
<td>-6.5%</td>
</tr>
<tr>
<td>Northern Virginia</td>
<td>(0.1)</td>
<td>-9.8%</td>
</tr>
<tr>
<td>Washington Region</td>
<td>$ (1.1)</td>
<td>-13.5%</td>
</tr>
</tbody>
</table>

Source: The Stephen S. Fuller Institute at the Schar School, GMU

The Direct Effect of the Trump Blueprint on Federal Activity in the Region

-20,000 to -24,600 federal jobs,
  = -$2.3 and -$2.7 billion of federal salaries

-$800 million to -$1.2 billion in federal procurement spending,
  = -12,000 private sector contractor jobs

-$1.1 billion in federal grants

one percent of GRP

Source: The Stephen S. Fuller Institute at the Schar School, GMU
Employment Change by Scenario, 2017 - 2021
Major Forecast Differences By Sector (000s)

<table>
<thead>
<tr>
<th></th>
<th>Total Job Growth</th>
<th>Federal Jobs</th>
<th>Professional &amp; Business Service Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>172.2</td>
<td>(16.5)</td>
<td>100.8</td>
</tr>
<tr>
<td>2011 (a)</td>
<td>136.5</td>
<td>(26.7)</td>
<td>75.5</td>
</tr>
<tr>
<td>Trump (b)</td>
<td>117.3</td>
<td>(36.5)</td>
<td>68.4</td>
</tr>
</tbody>
</table>

Sources: IHS Economics, The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of April 2017)
(a) Incorporating spending reductions providing for in the Budget Control Act of 2011.
(b) Reflecting federal spending reductions in Trump FY 2018 Budget Blueprint released March 16, 2017

Employment Forecast Scenarios
Washington Region

Sources: BLS, IHS Economics, The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of April 2017)
(a) Incorporating spending reductions providing for in the Budget Control Act of 2011.
(b) Reflecting federal spending reductions in Trump FY 2018 Budget Blueprint released March 16, 2017
U.S. GDP and Washington MSA GRP
2007 – 2015 – 2021
(Annual % Change)

Sources: U.S. Bureau of Economic Analysis, IHS Economics (March 2017), The Stephen S. Fuller Institute at the Schar School, GMU

Washington MSA and Sub-State Areas Economic Outlook (GRP), 2007-2021
(Annual % Change)

Sources: The Stephen S. Fuller Institute at the Schar School, GMU
Thank You & Questions

For monthly reports on the Washington region’s economic performance go to:

sfullerinstitute.gmu.edu