



# Chief Administrative Officers Retreat

## *The Trump Budget and The Washington Region's Economy: Part 1*

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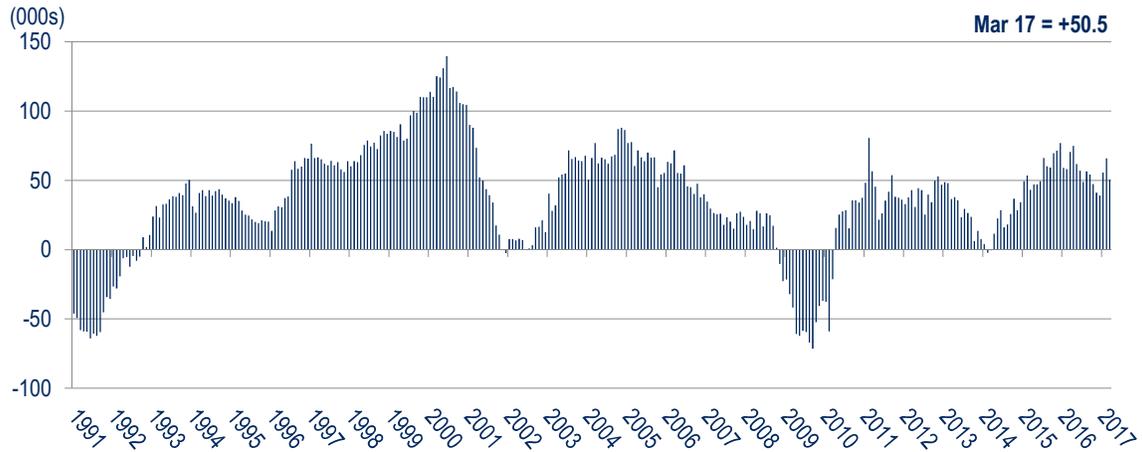


May 12, 2017

## **The Washington Region's Changing Economy: Setting the Stage**



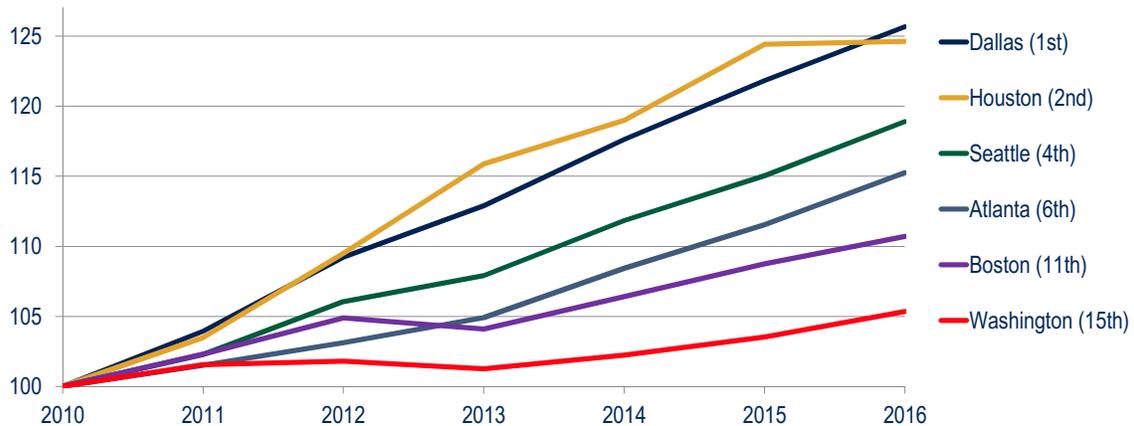
## Washington MSA Annual Job Change Month-Over-The-Year



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



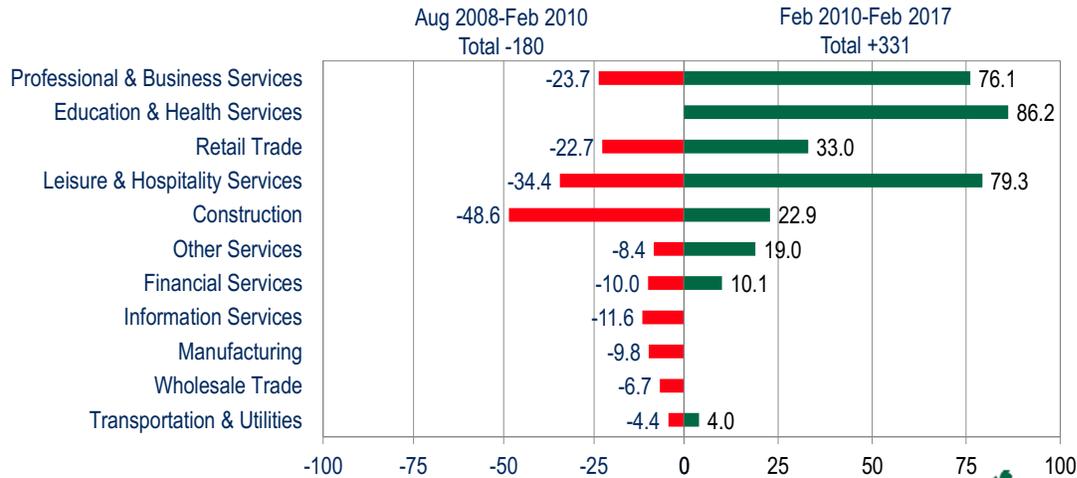
## GRP Growth in Washington and Peer Metros, 2010 – 2016 100 = 2010



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



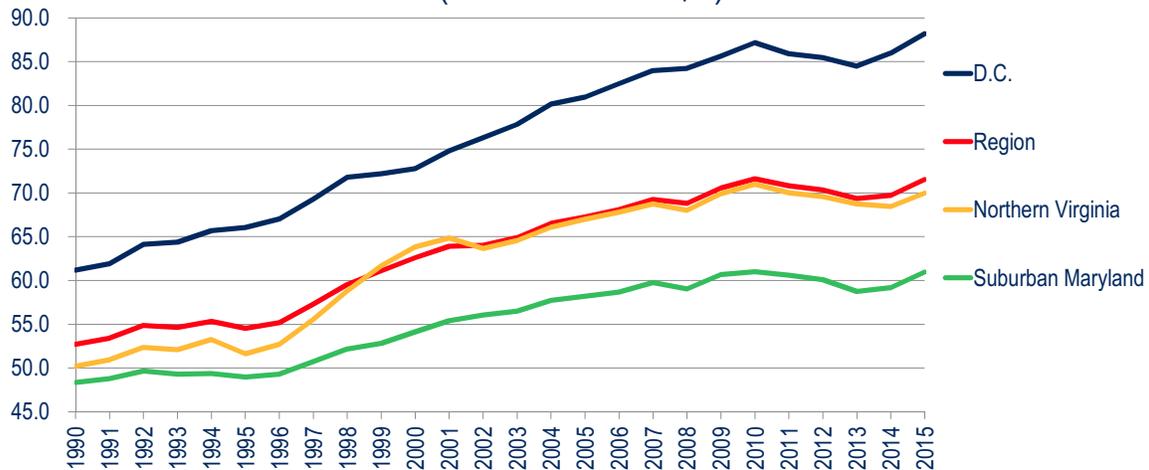
## Washington Region Job Change: Private Sector The Great Recession and Recovery



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

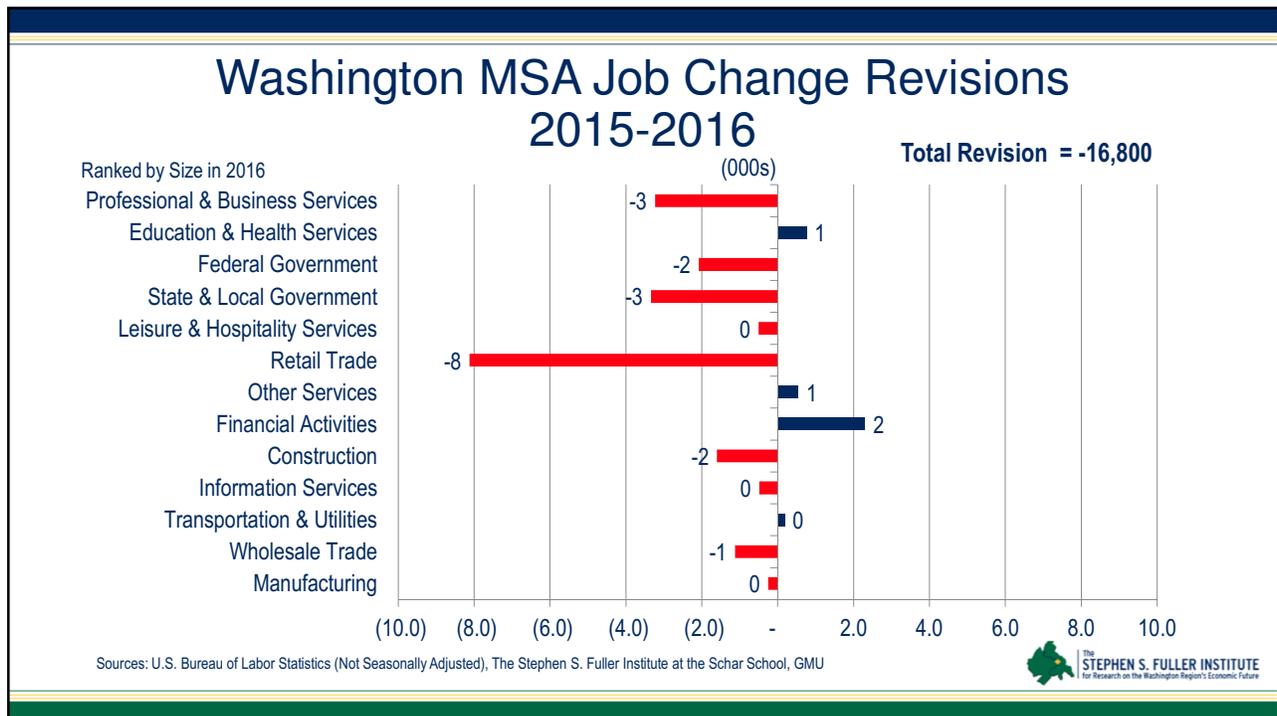
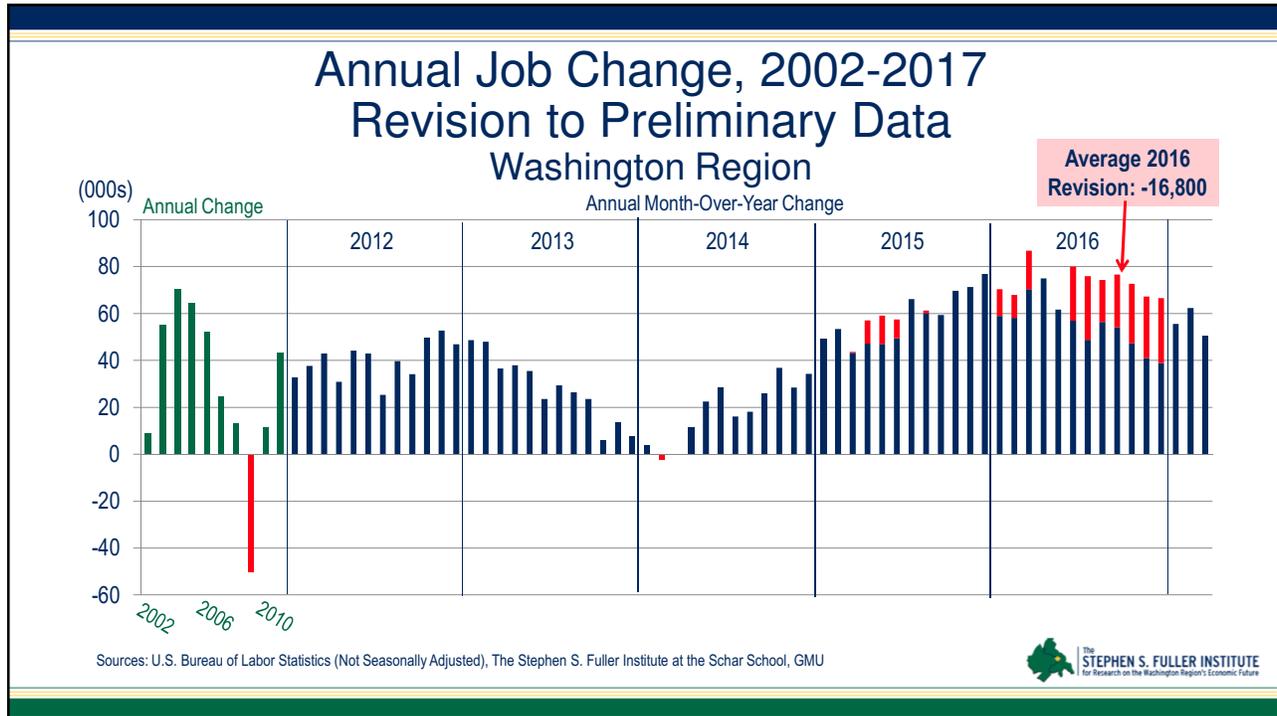


## Average Wage in the Washington Region (000s of 2015 \$s)

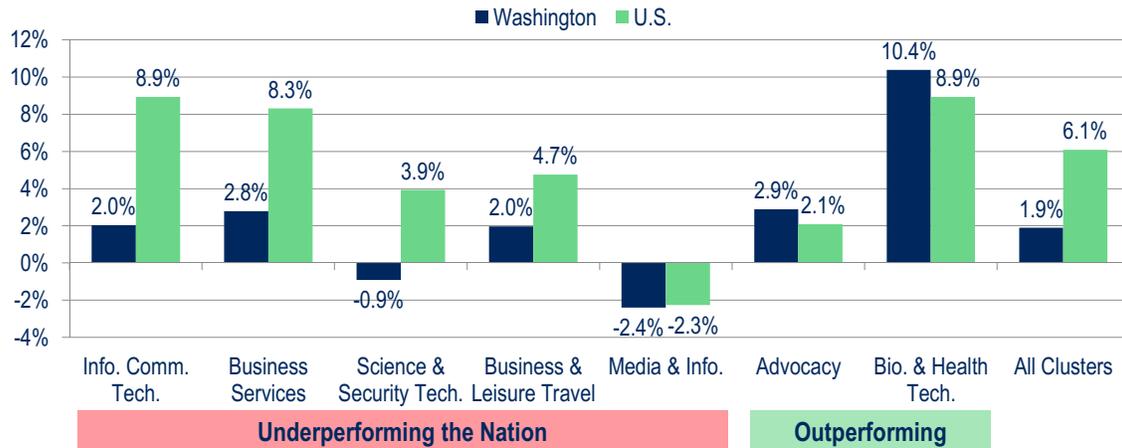


Sources: Bureau of Labor Statistics; The Stephen S. Fuller Institute





## 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



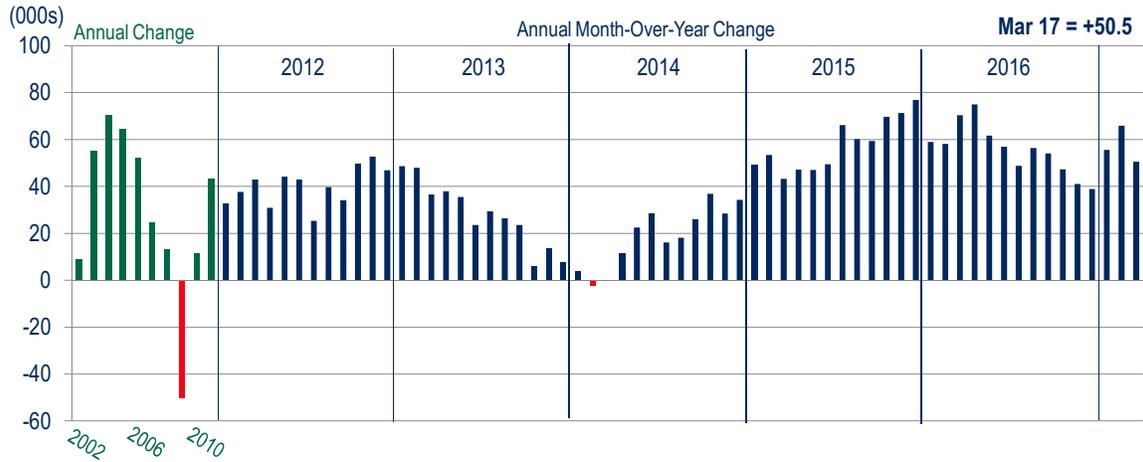
## Washington Region's Employment Change in the Advanced Industrial Clusters: March 2014 – March 2016

	% Change
Clusters	1.9%
Non-Cluster, Private	4.9%
Government	1.8%
Total Jobs	3.5%
Clusters, U.S.	6.1%

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



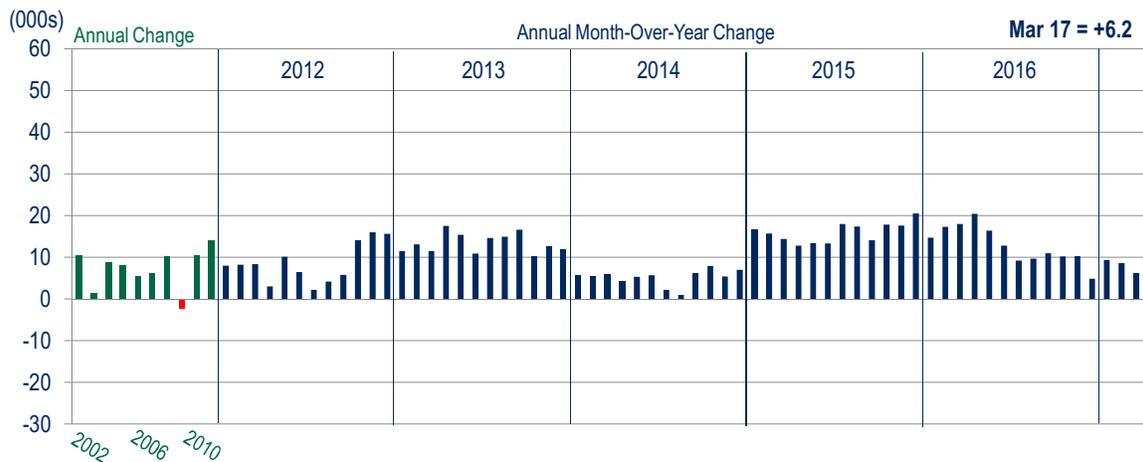
## Annual Job Change, 2002-2017 Washington Region



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



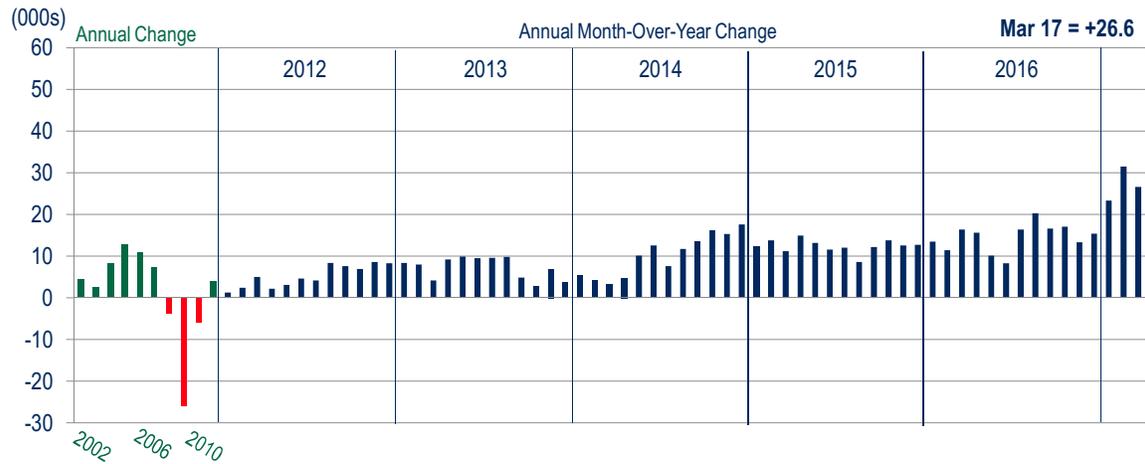
## District of Columbia Annual Job Change, 2002-2017



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



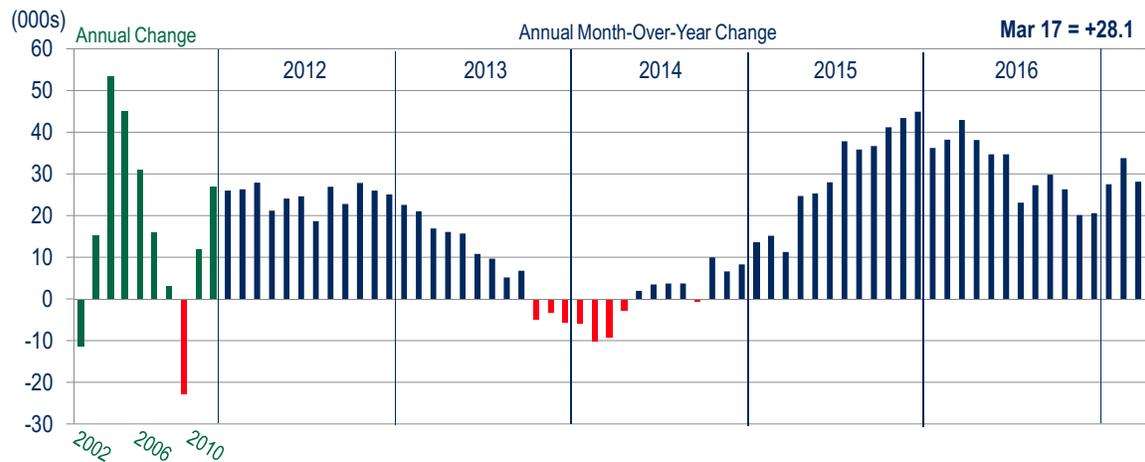
## Suburban Maryland Annual Job Change, 2002-2017



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

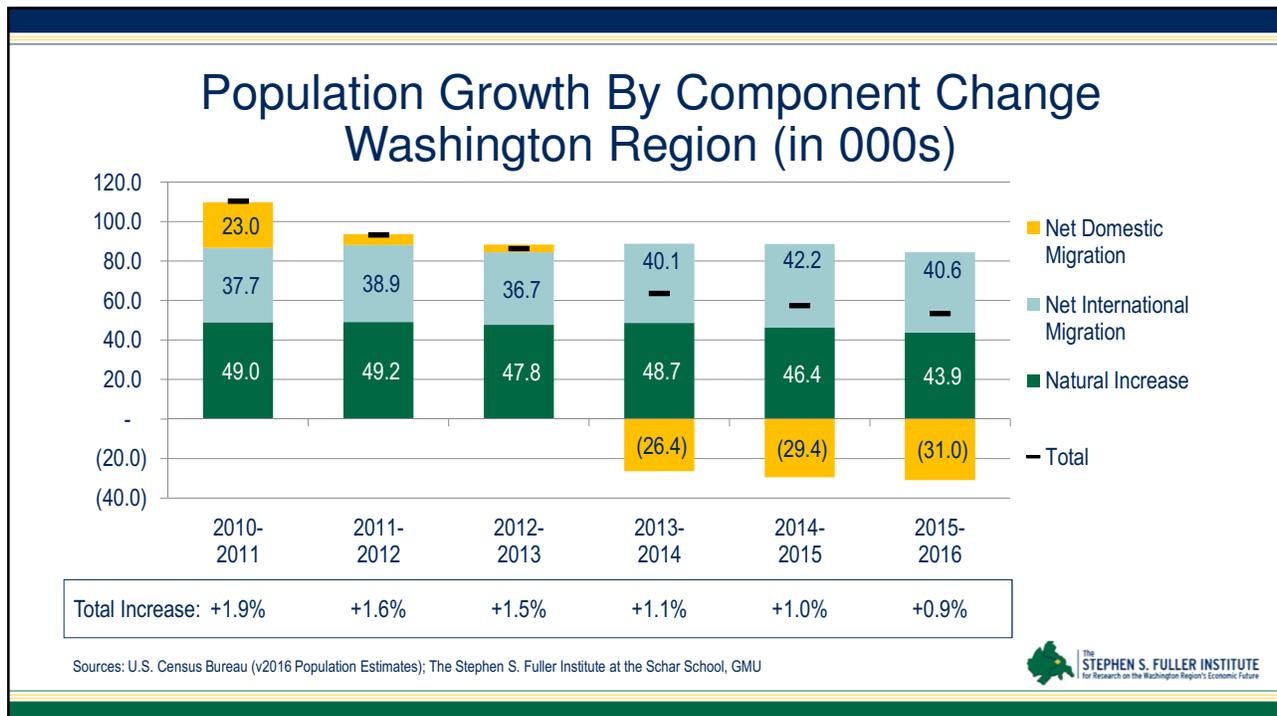
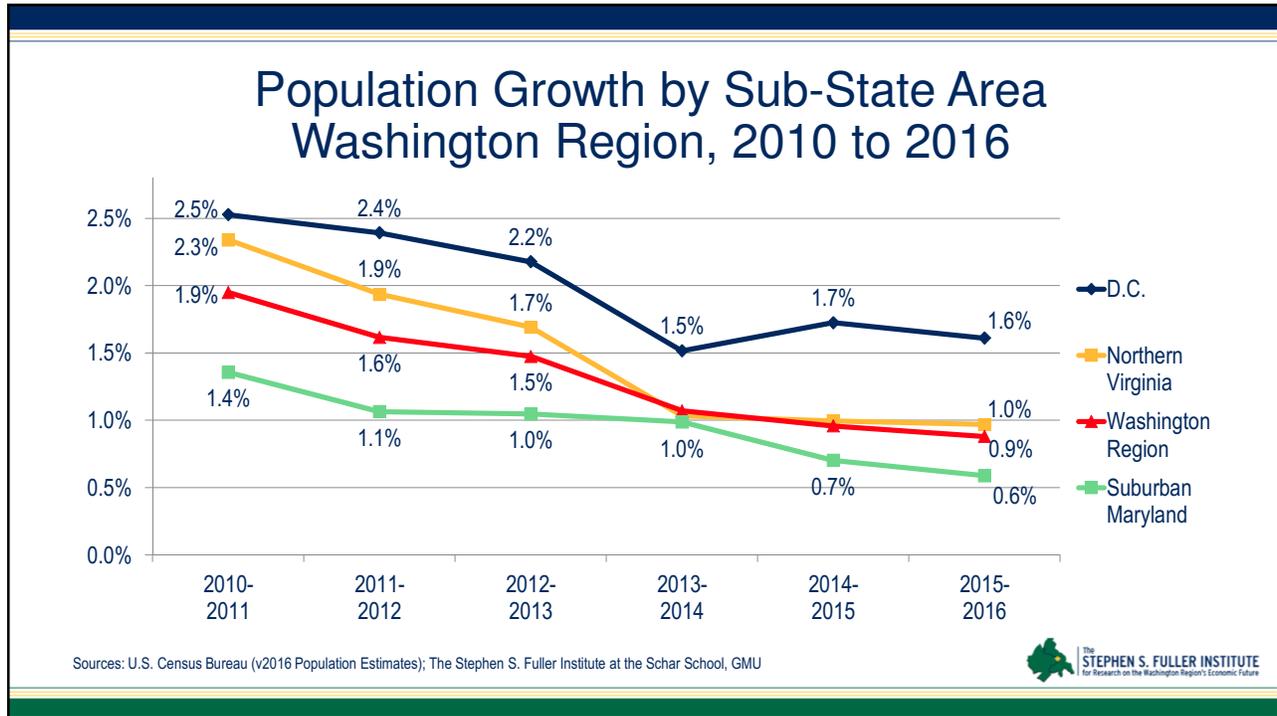


## Northern Virginia Annual Job Change, 2002-2017



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





## The Trump March 16<sup>th</sup> Budget Blueprint



## The Trump March 16<sup>th</sup> 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





## Chief Administrative Officers Retreat

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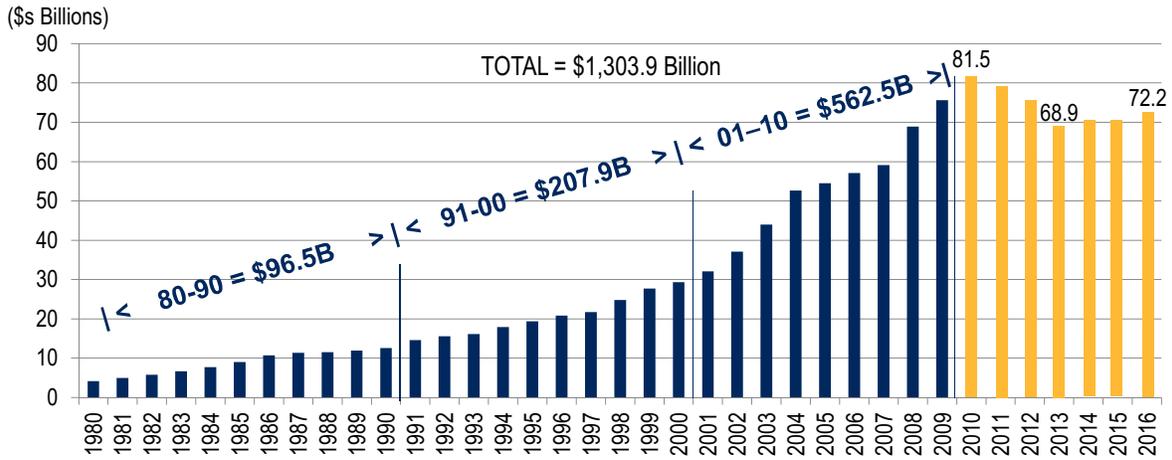


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## The Washington Region's Directly Related Federal Economy and Current Economic Outlook



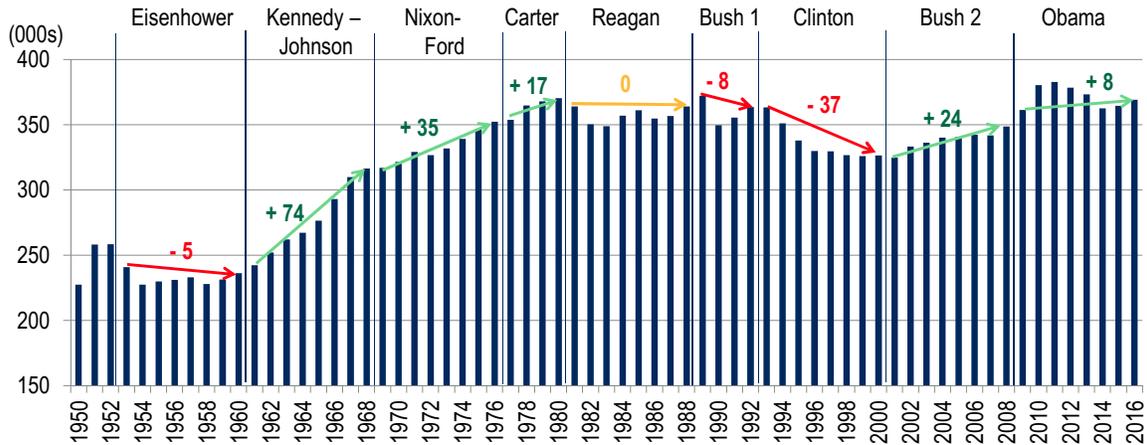
## Federal Procurement in the Washington Region, 1980-2016



Source: US Census, Consolidated Federal Funds Report and USAspending.gov, The Stephen S. Fuller Institute at the Schar School, GMU



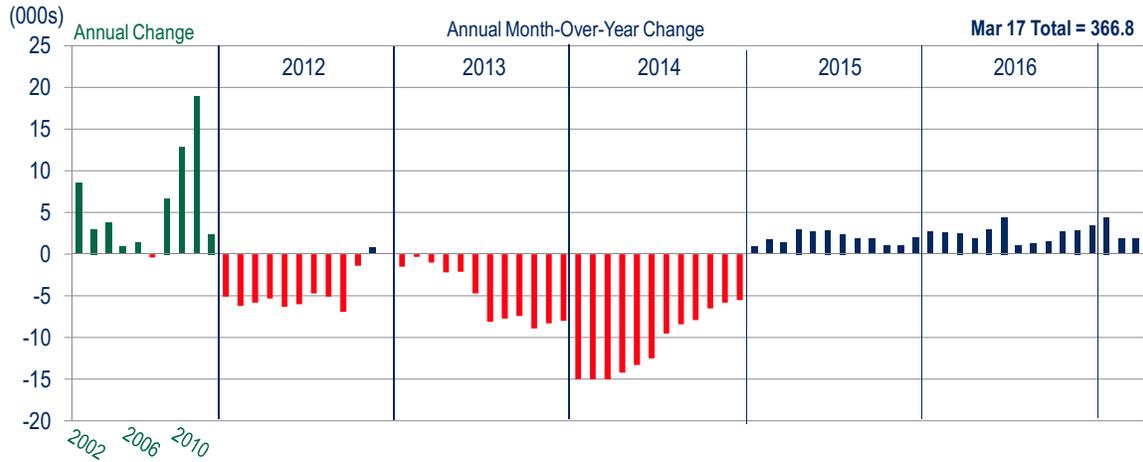
## Federal Employment in the Washington Region, 1950-2016



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



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)

	2014	2015	2016	2017	2018	2019	2020	2021
<b>D.C.</b>	5.2	15.9	13.0	8.9	5.3	4.9	4.5	3.5
<b>Sub. MD</b>	10.2	12.5	14.4	14.4	12.7	10.9	8.0	5.7
<b>No. VA</b>	0.8	29.8	31.0	23.9	26.6	19.7	13.7	12.9
<b>REGION</b>	18.6	57.7	55.6	45.9	41.3	33.1	27.9	24.0

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

	Federal Jobs		As a % of Federal Jobs	
	Low	High	Low	High
District of Columbia	(14,000)	(15,000)	-7.0%	-7.4%
Suburban Maryland	(5,500)	(6,000)	-6.8%	-7.3%
Northern Virginia	(500)	(3,600)	-0.4%	-4.2%
<b>Washington Region</b>	<b>(20,000)</b>	<b>(24,600)</b>	<b>-5.4%</b>	<b>-6.6%</b>

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



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

	Federal Salaries (Billions)		As a % of Federal Salaries	
	Low	High	Low	High
District of Columbia	\$ (1.6)	\$ (1.7)	-7.1%	-7.6%
Suburban Maryland	(0.6)	(0.6)	-7.5%	-7.2%
Northern Virginia	(0.1)	(0.4)	-0.9%	-5.1%
<b>Washington Region</b>	<b>\$ (2.3)</b>	<b>\$ (2.7)</b>	<b>-5.9%</b>	<b>7.0%</b>

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



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

	Federal Procurement (Billions)		As a % of Federal Procurement	
	Low	High	Low	High
District of Columbia	\$ (0.7)	\$ (0.8)	-3.6%	-4.0%
Suburban Maryland	(0.9)	(0.9)	-6.1%	-6.2%
Northern Virginia	0.8	0.5	2.0%	1.3%
<b>Washington Region</b>	<b>\$ (0.8)</b>	<b>\$ (1.2)</b>	<b>-1.2%</b>	<b>-1.7%</b>

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



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

	Federal Grants (Billions)	As a % of Federal Grants
District of Columbia	\$ (0.9)	-15.5%
Suburban Maryland	(0.1)	-6.5%
Northern Virginia	(0.1)	-9.8%
<b>Washington Region</b>	<b>\$ (1.1)</b>	<b>-13.5%</b>

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



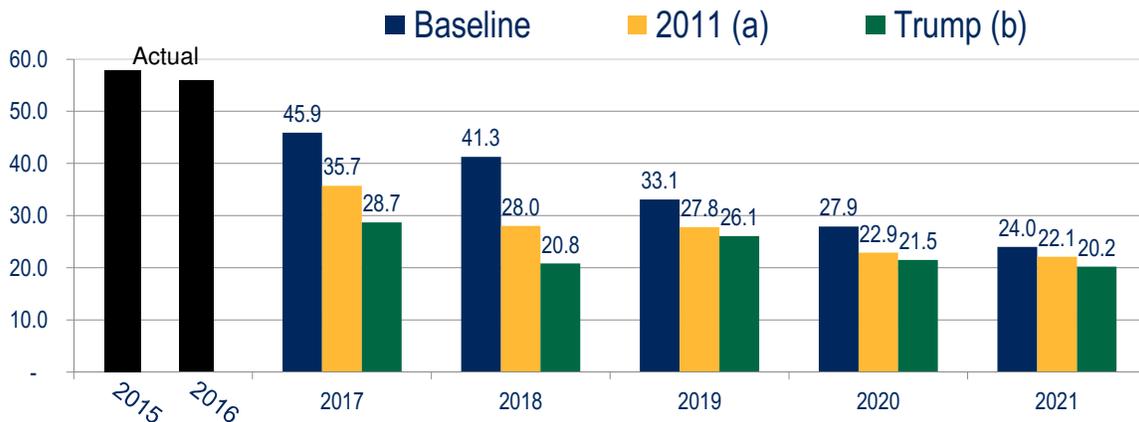
## Employment Change by Scenario, 2017 - 2021 Major Forecast Differences By Sector (000s)

	Total Job Growth	Federal Jobs	Professional & Business Service Jobs
<b>Baseline</b>	172.2	(16.5)	100.8
<b>2011 (a)</b>	136.5	(26.7)	75.5
<b>Trump (b)</b>	117.3	(36.5)	68.4

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

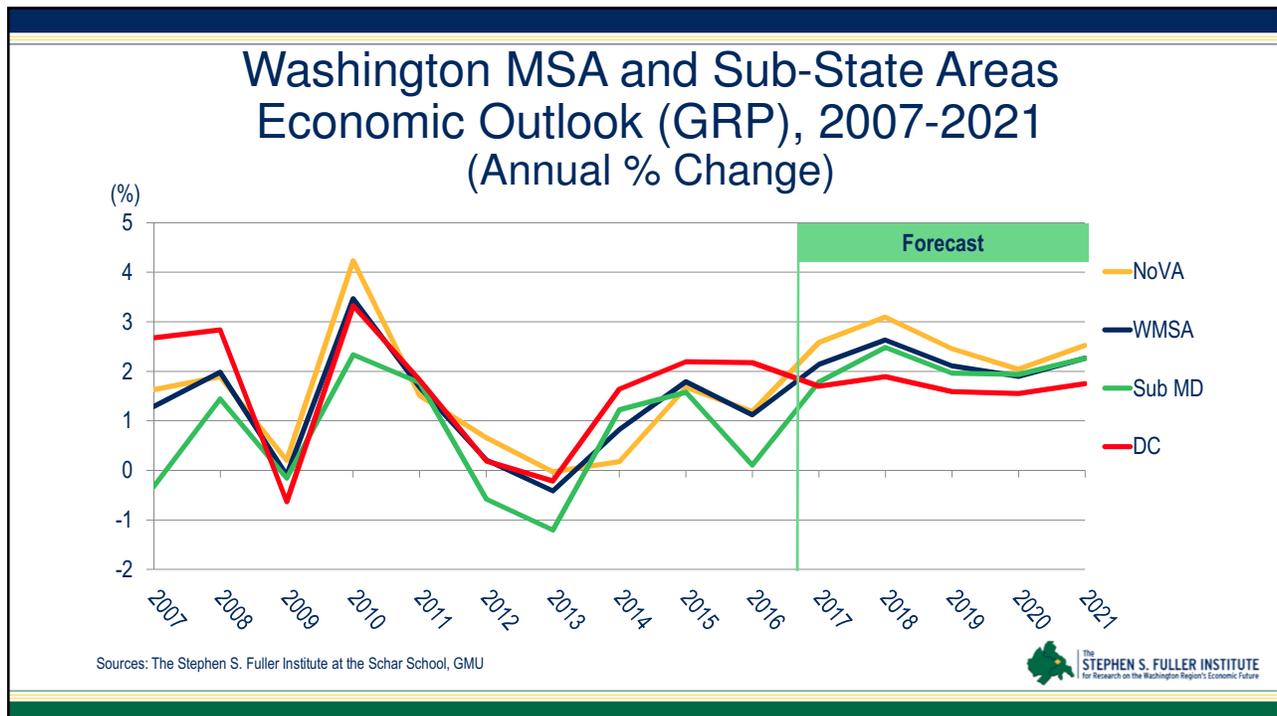
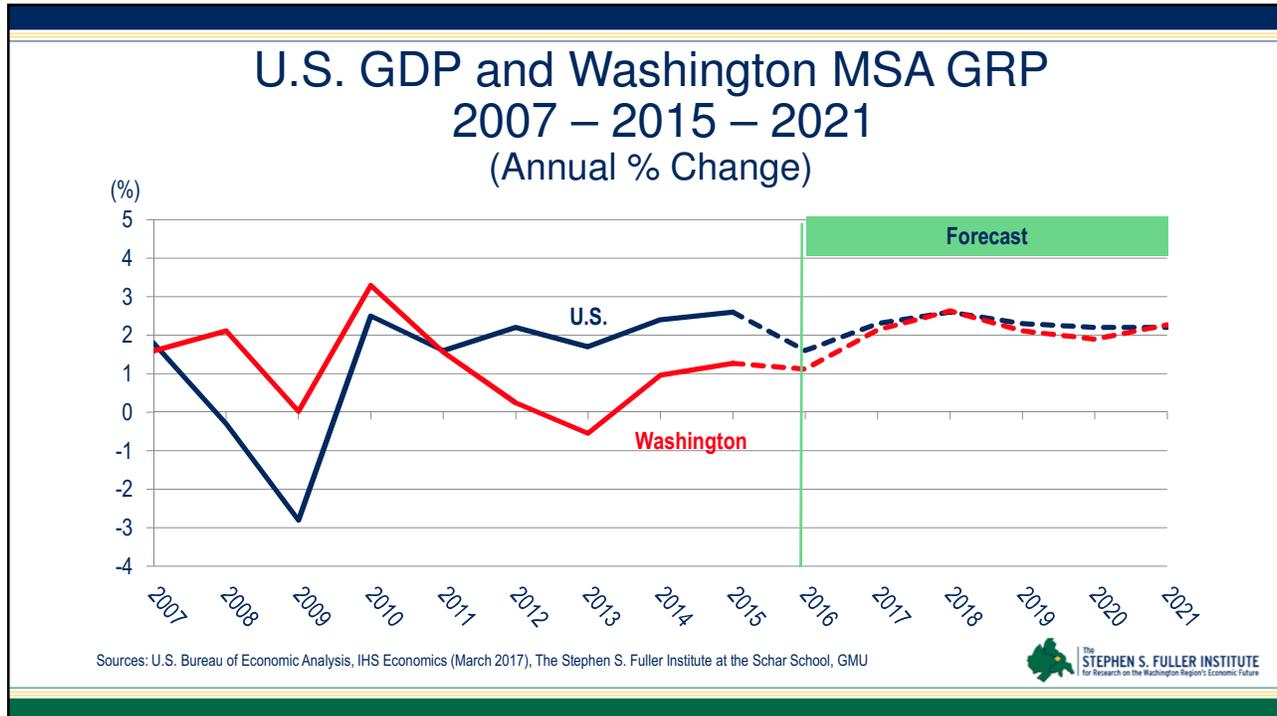


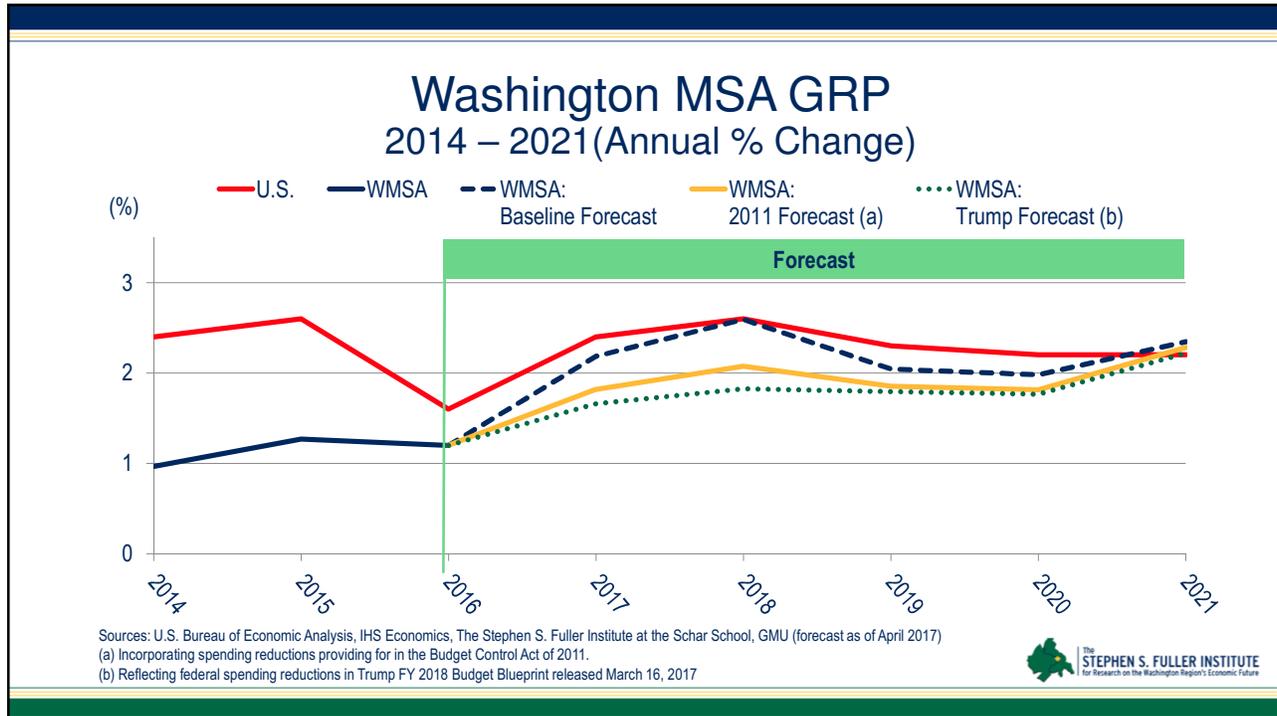
## Employment Forecast Scenarios Washington Region



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







## Thank You & Questions

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

**[sfullerinstitution.gmu.edu](http://sfullerinstitution.gmu.edu)**