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Estimating the “Trump Effect” on the Washington Region’s Economy

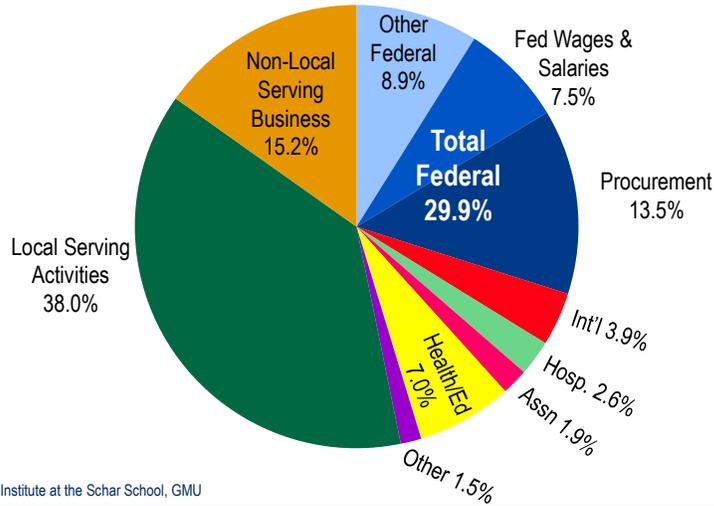
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George Mason University



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2017 Structure of the Washington Region Economy



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



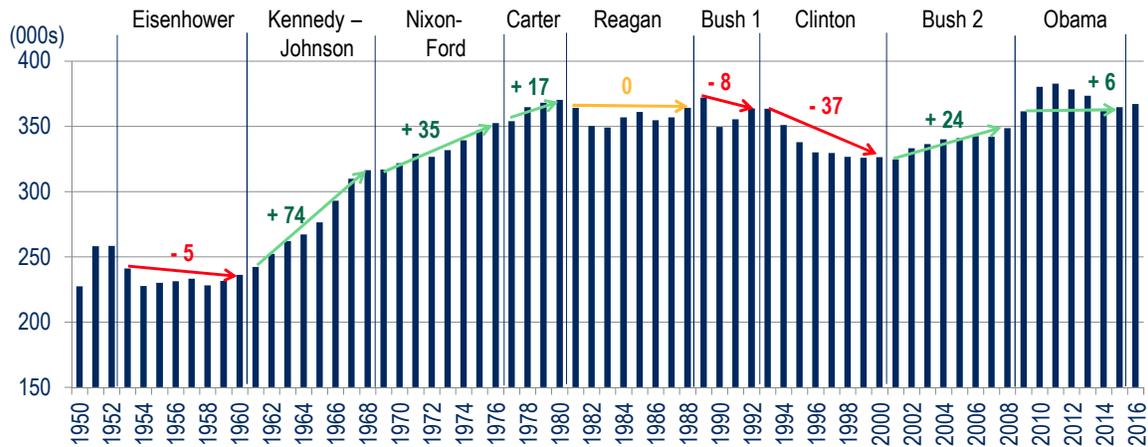
Federal Spending Cuts: Sequestration



Sequestration: Cuts to Federal Employment and Spending



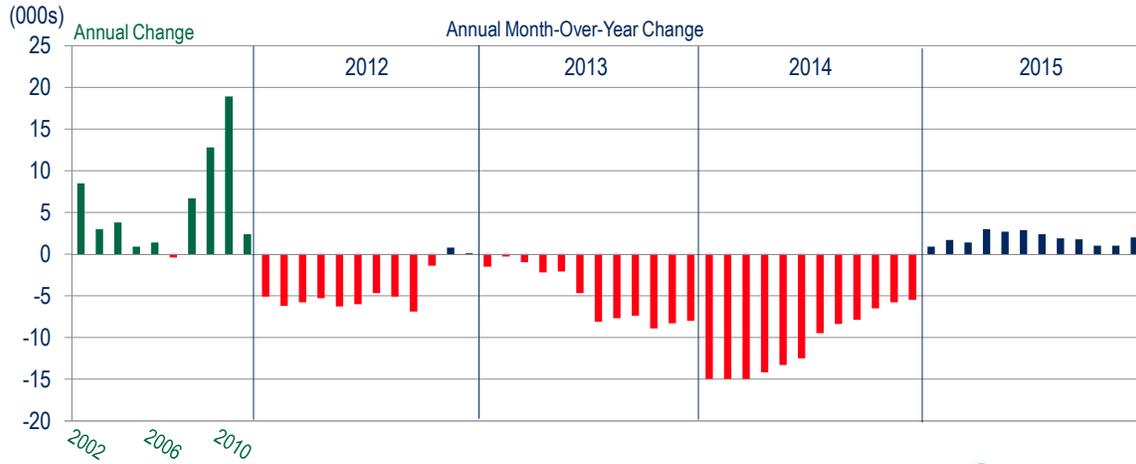
Federal Employment in the Washington Region, 1950-2016



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



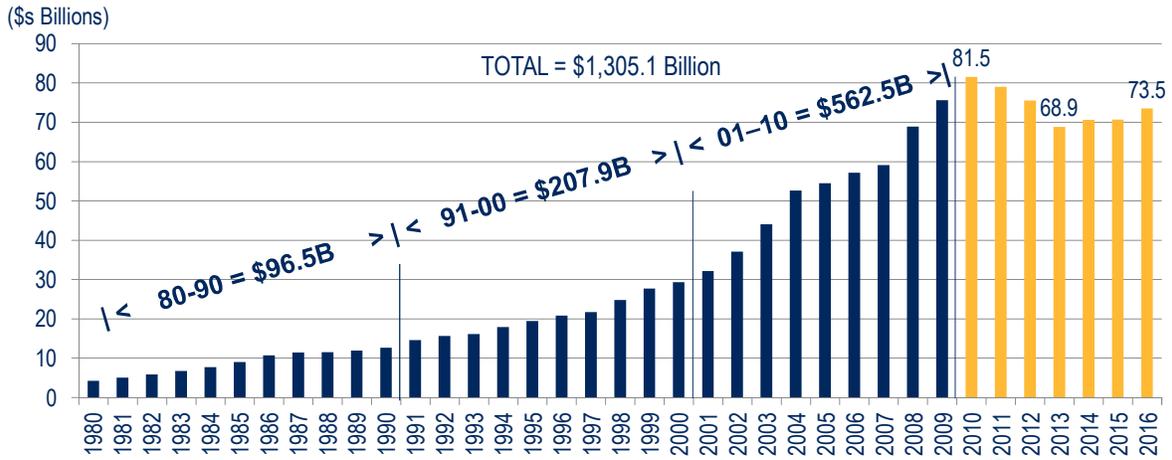
Federal Jobs Losses and GRP Value in the Washington Region: 2010-2014

	Federal Job Change (in 000s)	GRP Value (in billions of 2016 \$s)	% GRP
2010*	(4.1)	(0.74)	-0.16%
2011	(5.8)	(1.06)	-0.22%
2012	0.1	0.02	0.00%
2013	(8.0)	(1.46)	-0.30%
2014	(5.5)	(1.03)	-0.21%
Total	(23.3)	(4.26)	-0.89%

Sources: U.S. Bureau of Labor Statistics (Not Seasonally Adjusted); U.S. Bureau of Economic Analysis; The Stephen S. Fuller Institute at the Schar School, GMU
*July 2010 peak (inc. Decennial Census) to December 2010. All other changes reflect December to December.



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 Procurement Spending Washington Region: 2008-2015 (Billions of Current \$s)

	Total \$s	Annual Change		Cumulative Change from 2010	
		\$	%	\$	%
2008	68.9	9.8	16.6%	--	--
2009	75.6	6.7	9.7%	--	--
2010	81.5	5.9	7.8%	--	--
2011	79.1	(2.5)	-3.0%	(2.45)	-3.0%
2012	75.5	(3.5)	-4.5%	(6.00)	-7.4%
2013	68.9	(6.7)	-8.8%	(12.65)	-15.5%
2014	70.6	1.7	2.5%	(10.91)	-13.4%
2015	70.7	0.05	0.1%	(10.86)	-13.3%

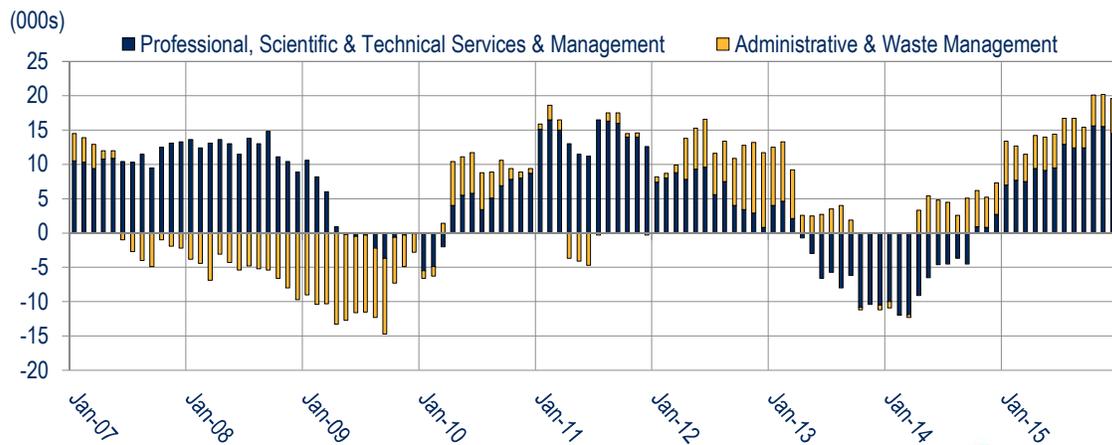
Sources: U.S. Census (Consolidated Federal Funds Report); USAspending.gov; The Stephen S. Fuller Institute at the Schar School, GMU



Sequestration: Secondary Economic Impacts



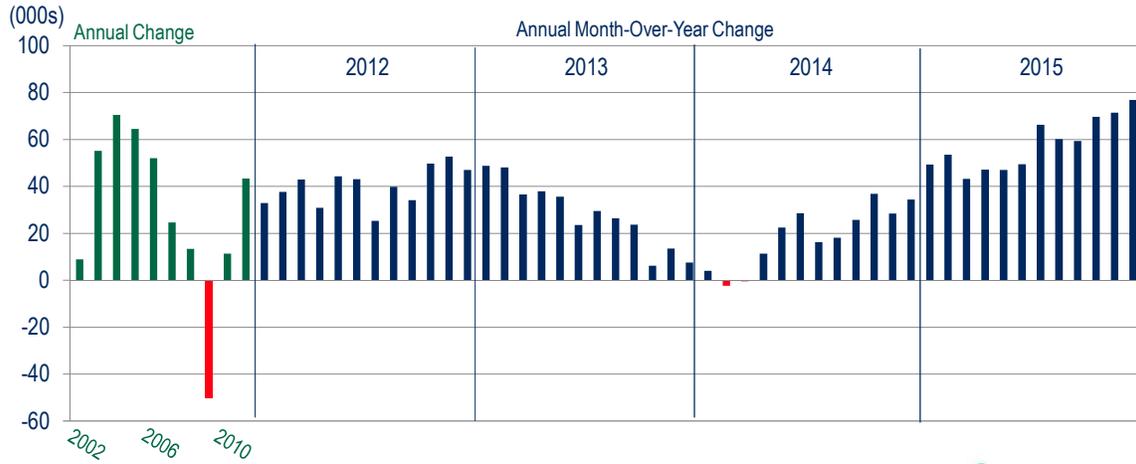
Professional and Business Services Jobs Washington MSA Annual Month Over-the-Year



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



Annual Job Change, 2002-2015 Washington Region



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



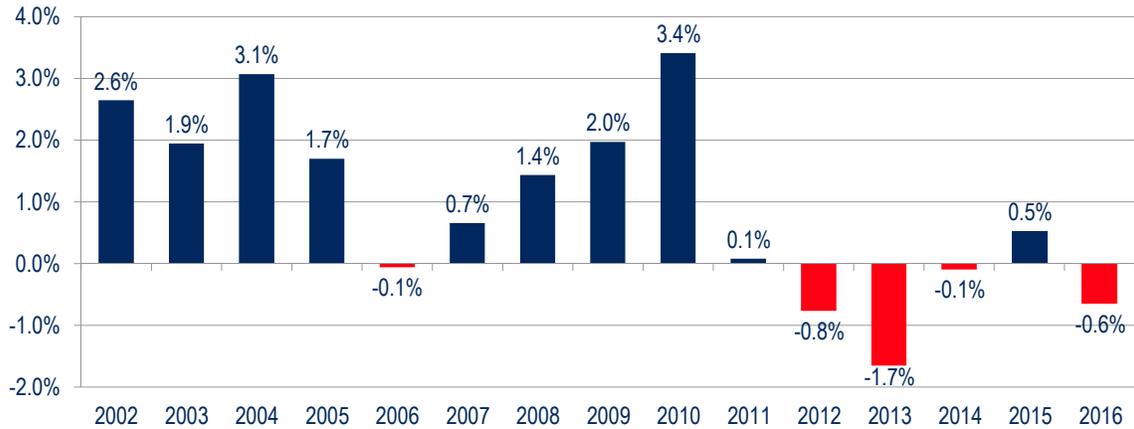
Northern Virginia Annual Job Change, 2002-2015



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



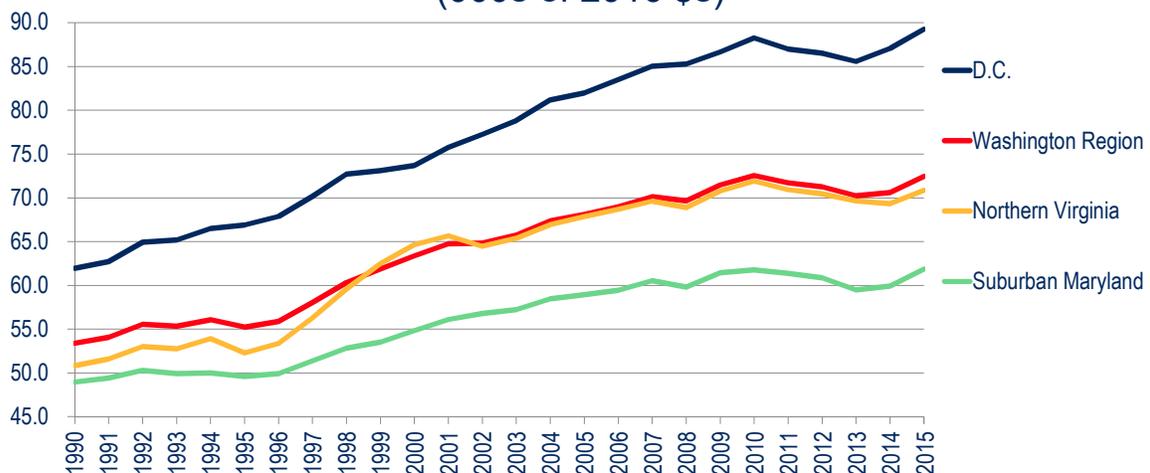
GRP Per Worker in the Washington Region Annual Percent Change (Real GRP)



Sources: U.S. Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU



Wage Per Job in the Washington Region (000s of 2016 \$s)



Sources: Bureau of Labor Statistics; The Stephen S. Fuller Institute at the Schar School, GMU



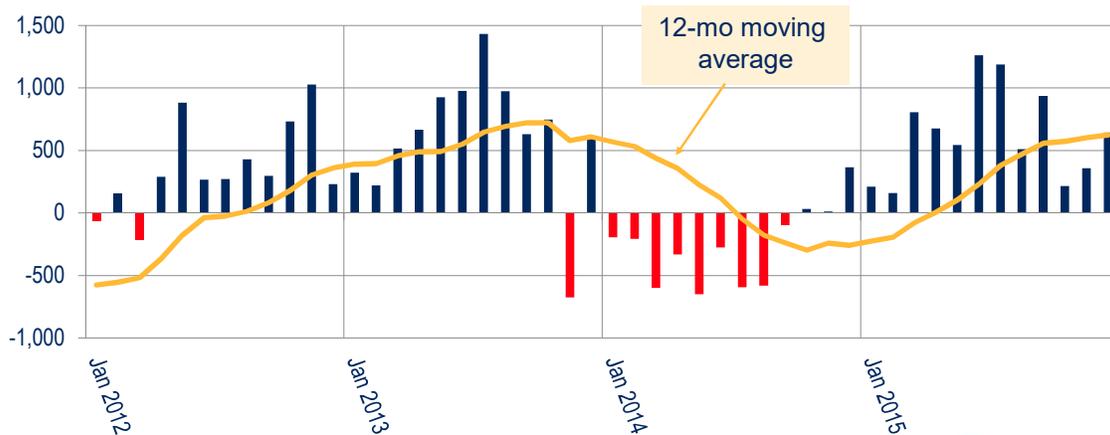
Changes in Consumer Spending Washington Region, Current Dollars

	Peak (~2011)	Trough (~2014)	% Change
Food Away from Home	\$4,262	\$3,726	-12.6%
Entertainment	\$3,710	\$3,192	-14.0%
Personal Care Products & Svcs	\$1,049	\$816	-22.2%

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



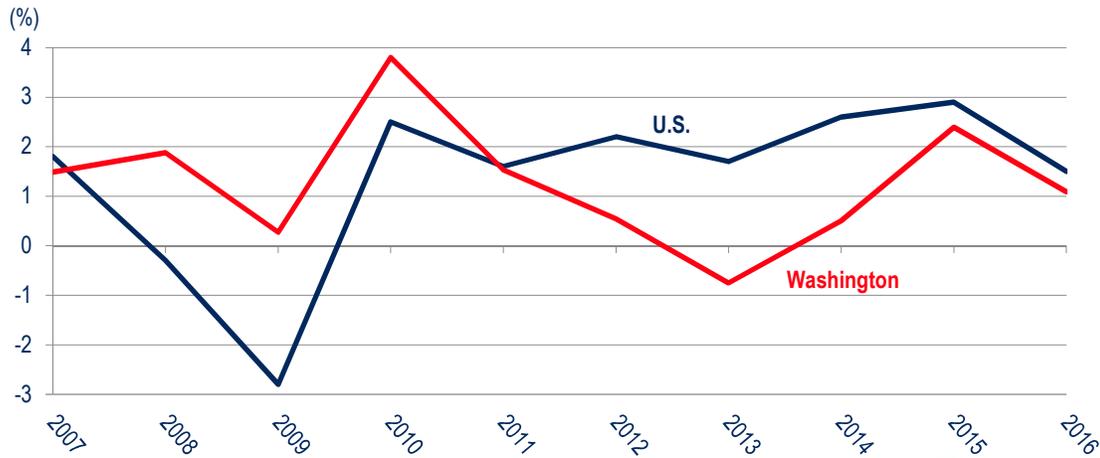
Change in Existing Home Sales Washington MSA, Month Over-the Year



Sources: RealEstate Business Intelligence, LLC; The Stephen S. Fuller Institute at the Schar School, GMU



U.S. GDP and Washington MSA GRP Annual Percent Change, 2007 – 2016



Sources: U.S. Bureau of Economic Analysis, The Stephen S. Fuller Institute at the Schar School, GMU



Economic Effects of the Sequester (Billions of 2009 \$s)

	Washington GRP	Washington GRP % Change	US GDP % Change	Differential Growth Rate	GRP Cost
2010	426.285	3.8%	2.5%	--	--
2011	432.811	1.5%	1.6%	-0.1%	(0.302)
2012	435.149	0.5%	2.2%	-1.7%	(7.595)
2013	431.879	-0.8%	1.7%	-2.4%	(18.293)
2014	434.050	0.5%	2.6%	-2.1%	(27.687)
2015	444.442	2.4%	2.9%	-0.5%	(30.507)
2016	449.293	1.1%	1.5%	-0.4%	(32.712)

Sources: U.S. Bureau of Economic Analysis; The Stephen S. Fuller Institute at the Schar School, GMU



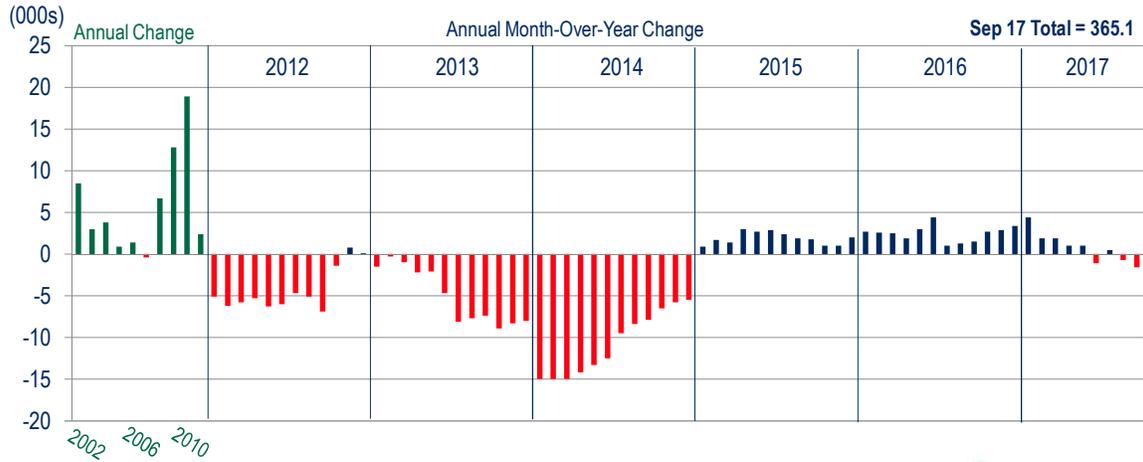
Federal Spending Cuts? The Trump Administration



Trump Administration: 2017 So Far



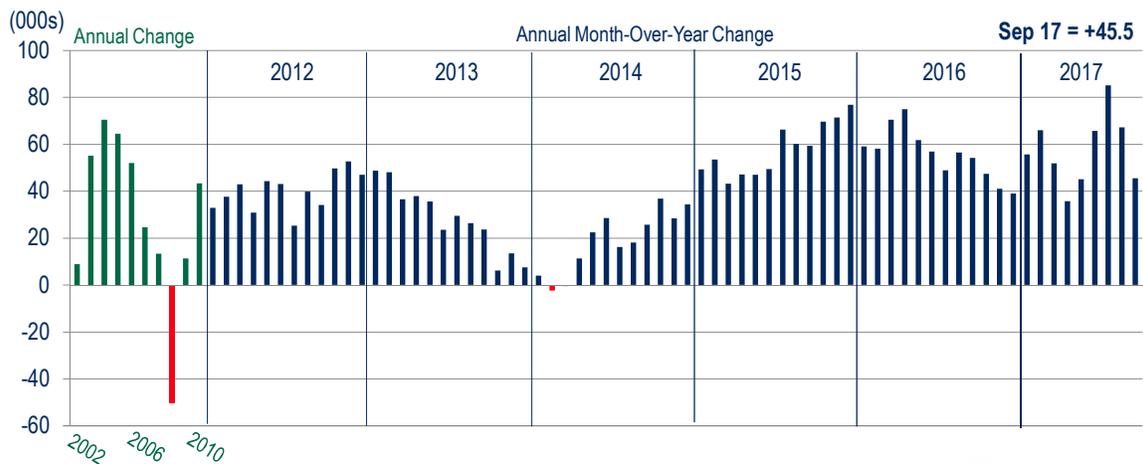
Federal Government Jobs Washington MSA



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



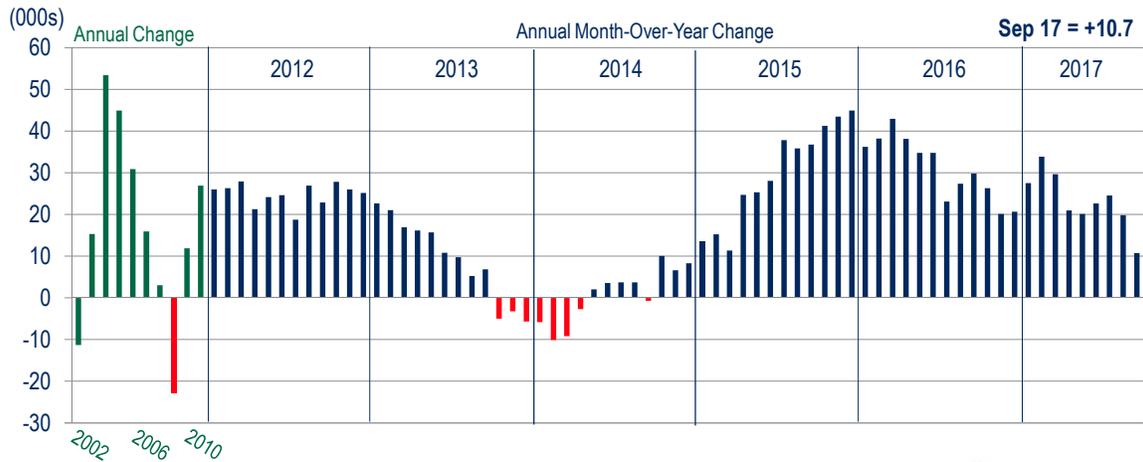
Annual Job Change, 2002-2017 Washington Region



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



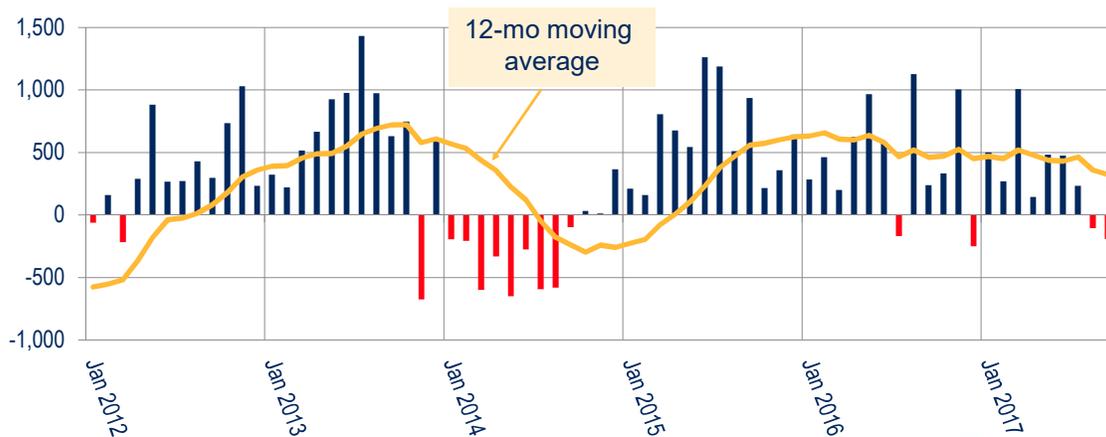
Northern Virginia Annual Job Change, 2002-2017



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



Change in Existing Home Sales Washington MSA, Month Over-the Year



Sources: RealEstate Business Intelligence, LLC; The Stephen S. Fuller Institute at the Schar School, GMU



Trump Budget Blueprint: Largest Proposed Cuts



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%
Washington Region	(20,000)	(24,600)	-5.4%	-6.6%

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



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

	Federal Wages (Billions)		As a % of Federal Wages	
	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%
Washington Region	\$ (2.3)	\$ (2.7)	-5.9%	-7.0%

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%
Washington Region	\$ (0.8)	\$ (1.2)	-1.2%	-1.7%

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%
Washington Region	\$ (1.1)	-13.5%

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



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

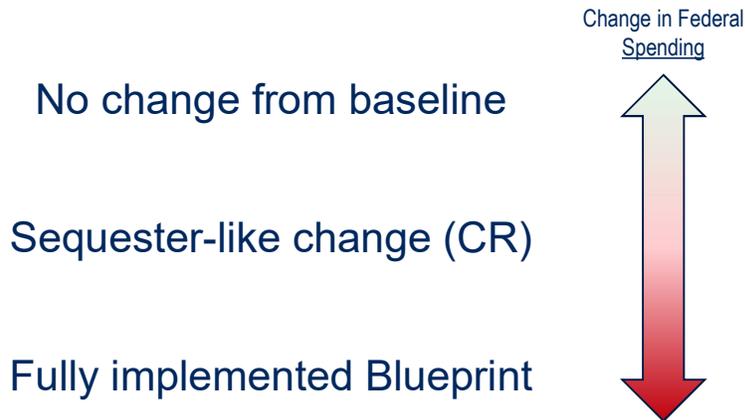
- -20,000 to -24,600 federal jobs,
= -\$2.3 and -\$2.7 billion of federal salaries
- -\$800 million to -\$1.2 billion in federal procurement spending,
= -12,000 private sector contractor jobs
- -\$1.1 billion in federal grants

■ one percent of GRP

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



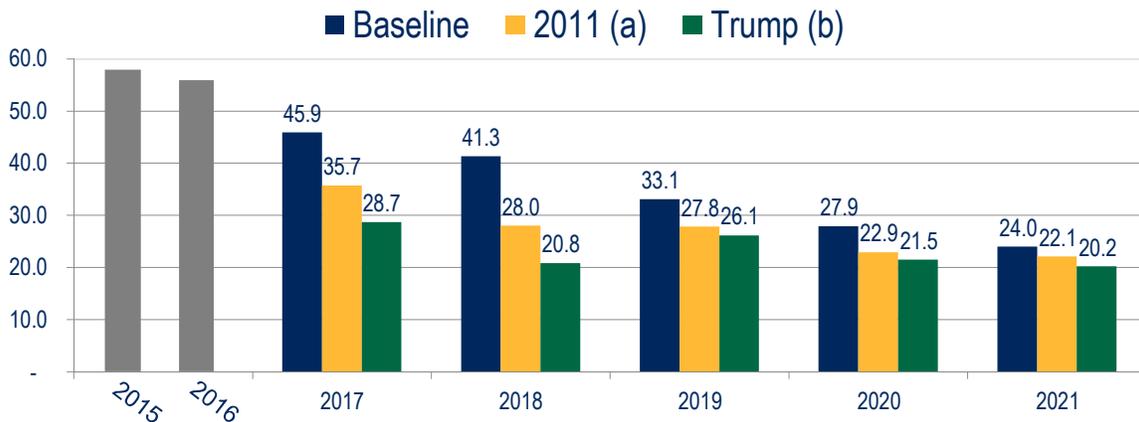
Scenarios of Future Federal Activity in the Region



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



Annual Change in Employment in the Washington Region Forecast as of March 2017 (000s)

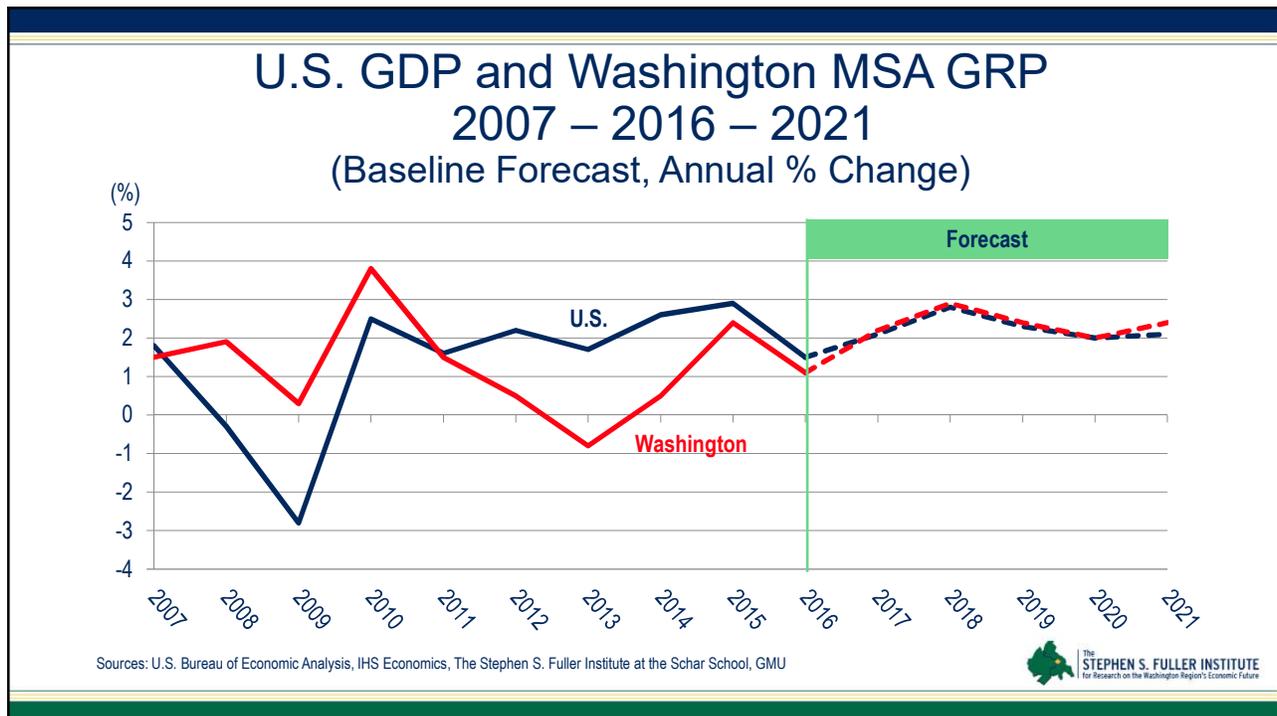
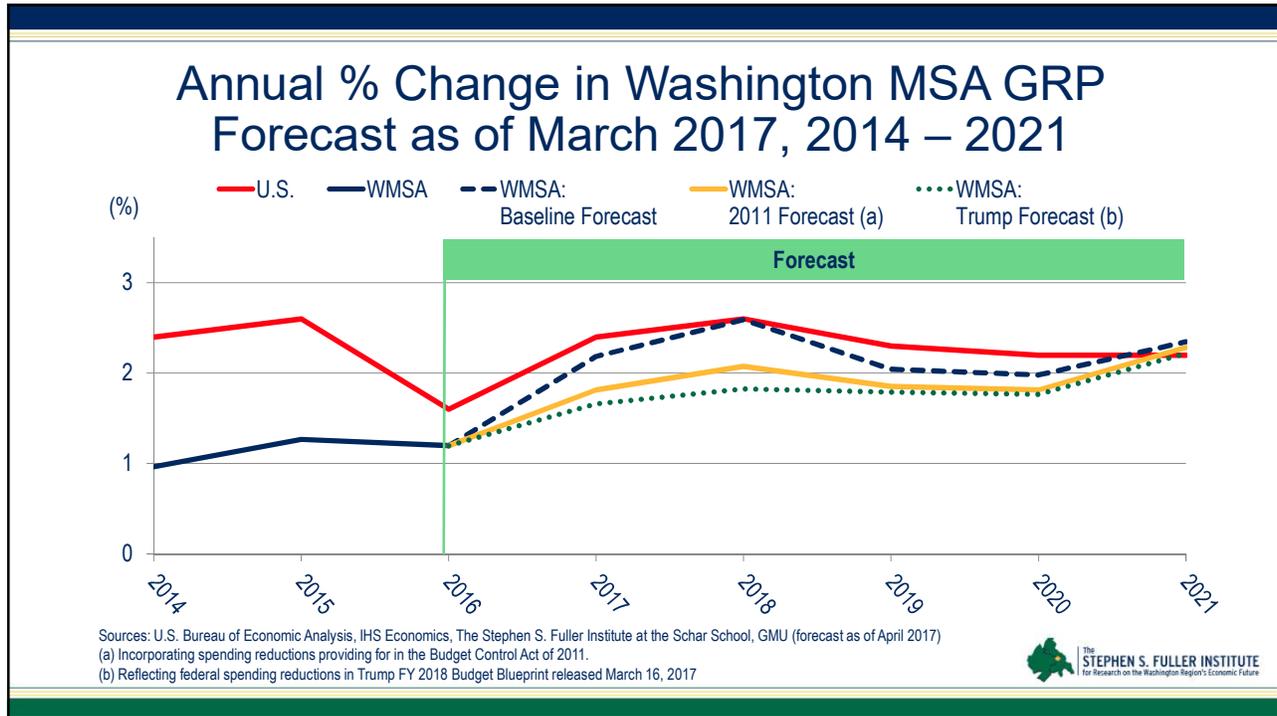


Sources: BLS, IHS Economics, The Stephen S. Fuller Institute at the Schar School, GMU (forecast as of April 2017)

(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





Questions?

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Schar School of Policy
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The
STEPHEN S. FULLER INSTITUTE
for Research on the Washington Region's Economic Future

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

Assumption: the percent changes by agency as outlined in the Blueprint will be applied proportionally in the region

Data Sources:

- Civilian employment by agency from
 - Consolidated Federal Funds Report (2010),
 - Federal Employment Cube (March 2016), and
 - BLS (CES, December 2016)
- Federal procurement from USASpending.gov (FY 2010 and FY 2016)
- Federal grants from USASpending.gov (FY 2016)

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

