Society of Government Economists

Estimating the "Trump Effect" on the Washington Region's Economy

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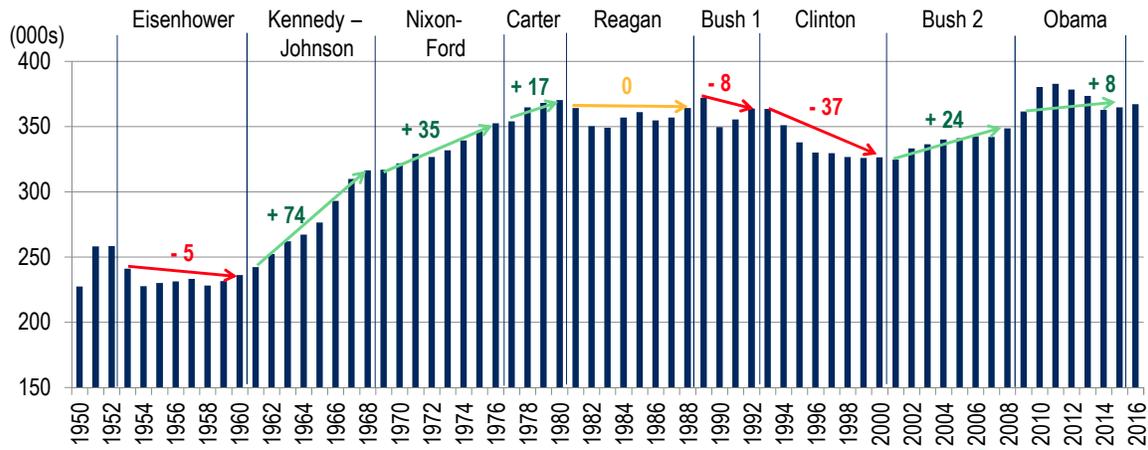Schar School of Policy and Government
George Mason University

July 25, 2017

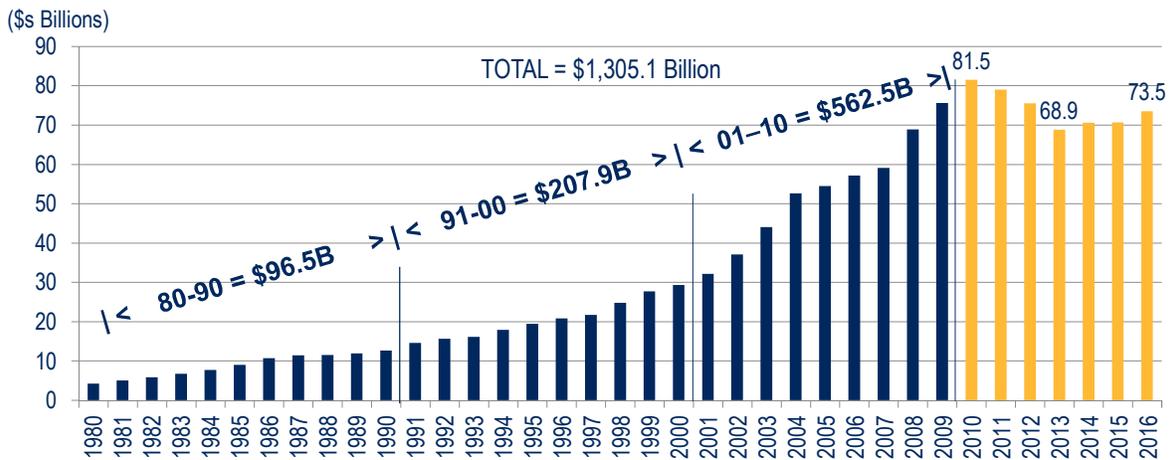# Role of the Federal Government in the Washington Region's Economy

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
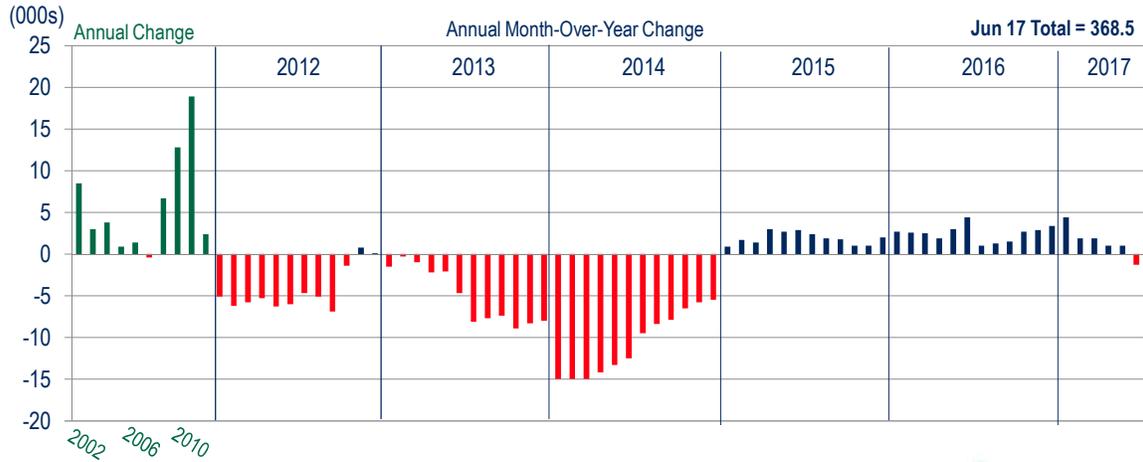
Federal Procurement in the Washington Region, 1980-2016

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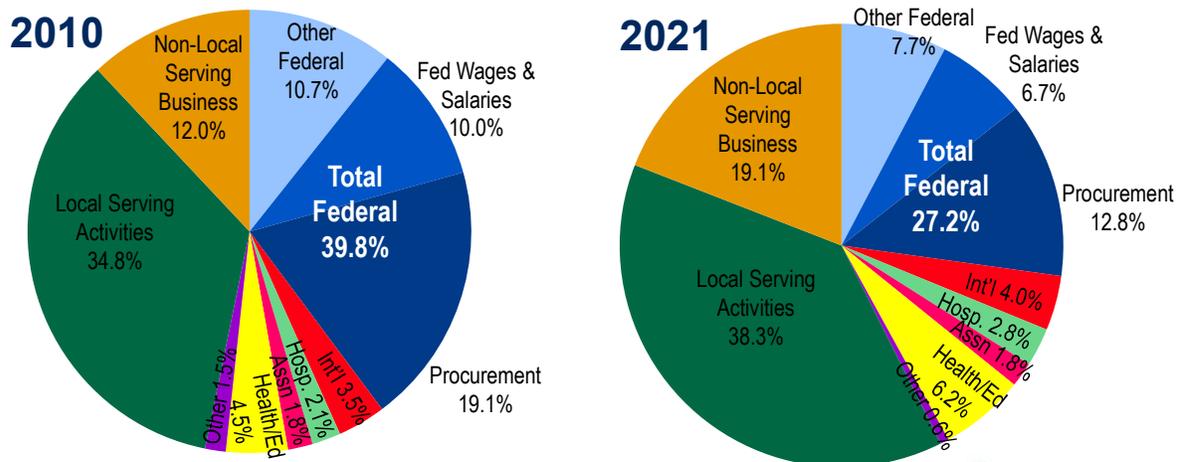
Federal Government Jobs
Washington MSA

(000s)
Annual Change | Annual Month-Over-Year Change | Jun 17 Total = 368.5

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |

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

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The Changing Structure of the
Washington Region Economy

2010
- Non-Local Serving Business 12.0%
- Other Federal 10.7%
- Fed Wages & Salaries 10.0%
- Total Federal 39.8%
- Local Serving Activities 34.8%
- Procurement 19.1%
- Int'l 3.5%
- Hosp. 2.1%
- Assn 1.8%
- Health/Ed 4.5%
- Other 1.5%

2021
- Other Federal 7.7%
- Fed Wages & Salaries 6.7%
- Non-Local Serving Business 19.1%
- Total Federal 27.2%
- Procurement 12.8%
- Int'l 4.0%
- Hosp. 2.8%
- Assn 1.8%
- Health/Ed 6.2%
- Other 0.6%
- Local Serving Activities 38.3%

Source: The Stephen S. Fuller Institute at the Schar School, GMU; Forecast January 2017

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Estimating the "Trump Effect"

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

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

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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

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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

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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

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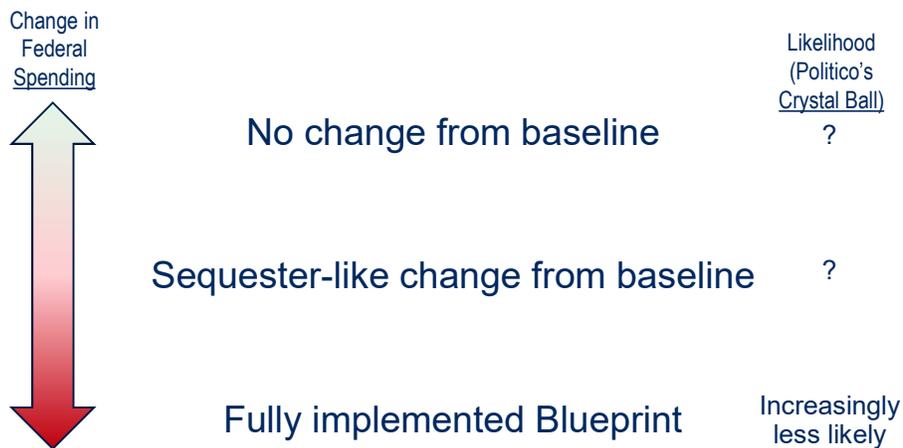## The Direct Effect of the Trump Blueprint on Federal Activity in the Region

- -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

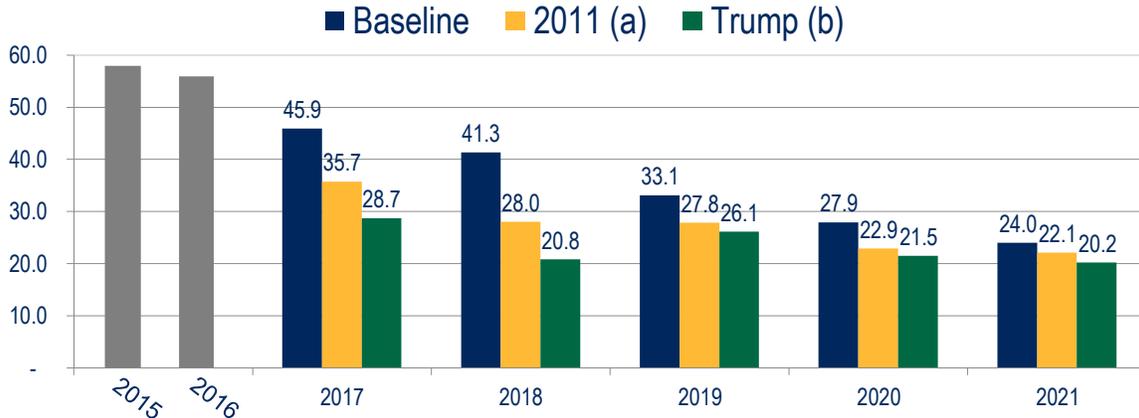Source: The Stephen S. Fuller Institute at the Schar School, GMU

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Scenarios of Future Federal Activity in the Region

Change in
Federal
Spending

Likelihood
(Politico's
Crystal Ball)

No change from baseline   ?

Sequester-like change from baseline   ?

Fully implemented Blueprint   Increasingly
less likely

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

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Employment Forecast Scenarios
Washington Region

■ Baseline   ■ 2011 (a)   ■ Trump (b)

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.
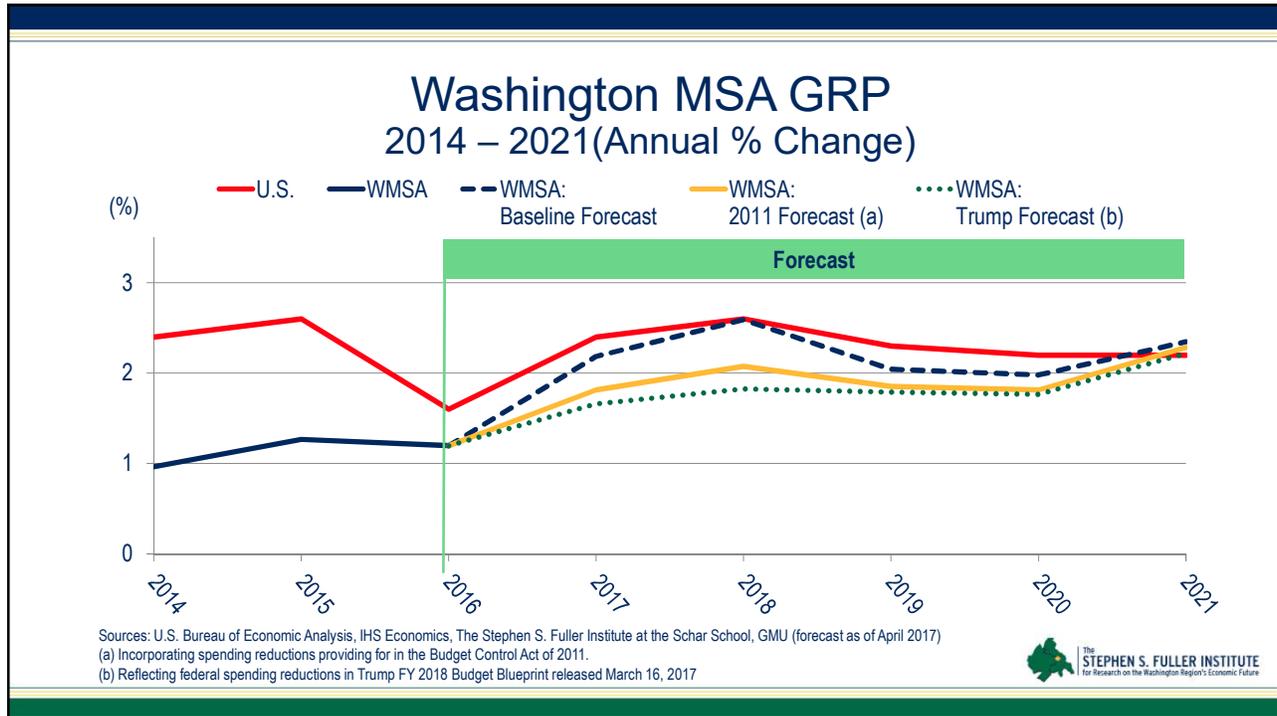(b) Reflecting federal spending reductions in Trump FY 2018 Budget Blueprint released March 16, 2017

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

	Total Job Growth	Federal Jobs	Professional & Business Service Jobs
Baseline	172.2	(16.5)	100.8
2011 (a)	136.5	(26.7)	75.5
Trump (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

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Washington MSA GRP
2014 – 2021(Annual % Change)

Sources: U.S. Bureau of Economic Analysis, 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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