

April 28, 2008

Mr. Bill Shine
Chairman
Heart of Texas Defense Alliance
2916 Illinois Ave.
Killeen, Texas 76543-5124

Dear Chairman Shine:

In February 2005, this office prepared an estimate of the economic impact of Fort Hood on the Texas economy. Fort Hood's economic importance to the state continues to grow. To illustrate its role as a key factor in the Texas economy, my staff has updated our previous estimate with 2007 Fort Hood data. Today, I am pleased to provide you with the results of that research.

Enclosed is a table detailing the \$4.4 billion in direct expenditures — including military and civilian payrolls; contracts and purchases; construction costs; expenditures on school district impact aid; and environmental initiatives such as the Recovery Credit System — supporting Fort Hood's mission. This expenditure total grew 45.8 percent from \$3 billion in 2004. When added to the indirect impacts of Fort Hood's spending, the total impact on the region's economy is estimated at nearly \$7.1 billion, and the statewide impact is estimated at nearly \$10.9 billion, which was 78.3 percent higher than the \$6.1 billion in 2004. This estimate reflects the sizeable growth in direct Fort Hood expenditures and the impact of Fort Hood on both the Central Texas region and the state. The growth can be attributed partly to the growth in the Texas economy, but also to the rapid growth of Fort Hood in recent years. Fort Hood's impact on the state is expected to continue to grow.

We appreciated the opportunity to work with you and the fine, dedicated people at Fort Hood in developing this estimate. Should you have any questions, please contact Robert Wood, our director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973.

Sincerely,



Susan Combs

Enclosure

cc: Robert Wood



Economic Impact of Fort Hood on the Texas Economy
(in millions of current dollars)

<u>Expenditure Item</u>	<u>2007 Direct Expenditure</u>	<u>2007 Impact on Central Texas</u>	<u>2007 Total Statewide Economic Impact</u>
Military and Civilian Pay	\$3,751.4	\$6,295.2	\$9,698.4
Construction	\$194.1	\$222.8	\$327.1
Contracts and Other Expenditures	\$397.7	\$473.7	\$727.3
School District Impact Aid	\$59.2	\$64.6	\$99.2
Total	\$4,402.3	\$7,056.2	\$10,852.0