

Federal



Economic  
Activities in  
Hawaii

June 2007



**Research & Economic Analysis Division  
State of Hawaii**

This *Federal Economic Activities in Hawaii* (June 2007) report has been produced by the staff of the Research & Economic Analysis Division of the Hawaii Department of Business, Economic Development & Tourism (DBEDT). This report provides concise statistical information and analyses on the economic activities of the Federal Government in Hawaii and the contribution of the Federal Government to the Hawaii economy.

Technical notes and source descriptions have been kept to a minimum. The statistical data presented are generally on the summary level. Detailed data and sources can be found in Sections 9 and 10 of the State of Hawaii Data Book. Data Books are available online at <http://www.hawaii.gov/dbedt/info/economic/databook>. The staff of the Research & Economic Analysis Division would be happy to respond to any inquiries that readers may have regarding this study (586-2466). For further information about available data and sources, users may call the DBEDT Library at (808) 586-2424.

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## TABLE OF CONTENT

### 1. Overview

Figure 1.1	Federal Government Spending by Category: 2004 .....	1
Figure 1.2	Federal Government Direct Contribution to Hawaii GSP.....	2
Figure 1.3	Industry Composition of Hawaii Gross State Product: 2005 .....	3
Table 1.1	Indicators of Federal Government in Hawaii.....	4

### 2. Federal Government Revenue and Expenditures

Table 2.1	Federal Tax Collections, by Source: 2002 to 2006 .....	6
Table 2.2	Federal Expenditures in Hawaii by Type: 1985 to 2004.....	7
Table 2.3	Federal Expenditures Per Capita, by Selected States: 2004 .....	8
Table 2.4	Direct Federal Expenditures or Obligations, by County: 2004 .....	9
Table 2.5	Military Prime Contract Awards, by Program: 2002 to 2006 .....	10
Table 2.6	Military Subcontracting Program: 2002 to 2005 .....	11
Table 2.7	Federal Government Contribution to Hawaii GSP: 1965 to 2005.....	11

### 3. Federal Government Employment and Federally-Related Population

Table 3.1	Federal Government Employment in Hawaii: 1970 to 2005.....	13
Table 3.2	Federal-related Population and Federal Civilian Jobs, by Military Status in Hawaii: 2005 .....	13
Table 3.3	Active Duty Personnel, by Service: 1955 to 2006 .....	14
Table 3.4	Department of Defense Personnel and Dependents: 1990 to 2005 .....	14
Table 3.5	Department of Defense Civilian Personnel, by Service: 1982 to 2005 .....	15
Table 3.6	Army and Air National Guard Strength: 2000 to 2004 .....	15
Table 3.7	Federal Government Employment, by Agency: 2000 to 2006 .....	16

### 4. Federal Government property

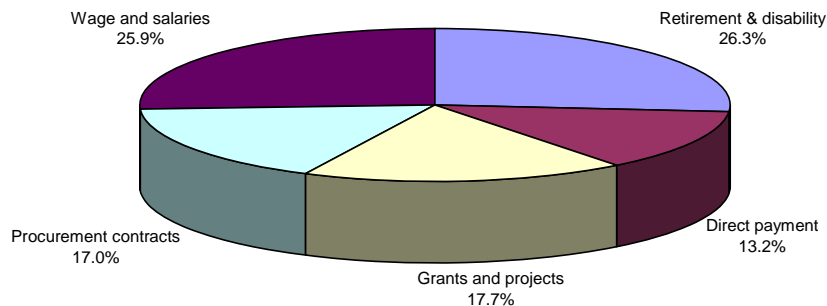
Table 4.1	Real Property Owned by or Leased to the Federal Government: 2002 to 2006 .....	18
Table 4.2	Military Installations by Component and Size for Hawaii and the United States: September 30, 2005 .....	19
Table 4.3	Selected Characteristics of Military Installations: September 30, 2005 .....	20
Table 4.4	Military Housing Privatization Initiative Projects: January 2005 .....	20

## 1. Overview

This report summarizes economic activities of the federal government in Hawaii and the important role it plays in Hawaii's economy. Measures are presented highlighting the contribution of the federal government to Hawaii's Gross (State) Domestic Product (GSP), population, and employment.

The Federal government spent a total of \$12.2 billion in the State of Hawaii in 2004, more than total visitor spending of \$10.9 billion in that year. The largest spending category was for retirement and disability payments that accounted for 26.3 percent of the total spending, followed by wage and salary payment (25.9 percent). Federal grants and procurement spending each accounted for about 17 percent of the total. Direct payments to individuals and others (largely employer portion of life and health insurance premium for federal employees) comprised 13.2 percent of the pie.

**Figure 1.1 Federal Government Spending by Category: 2004**



Source: U.S. Census Bureau

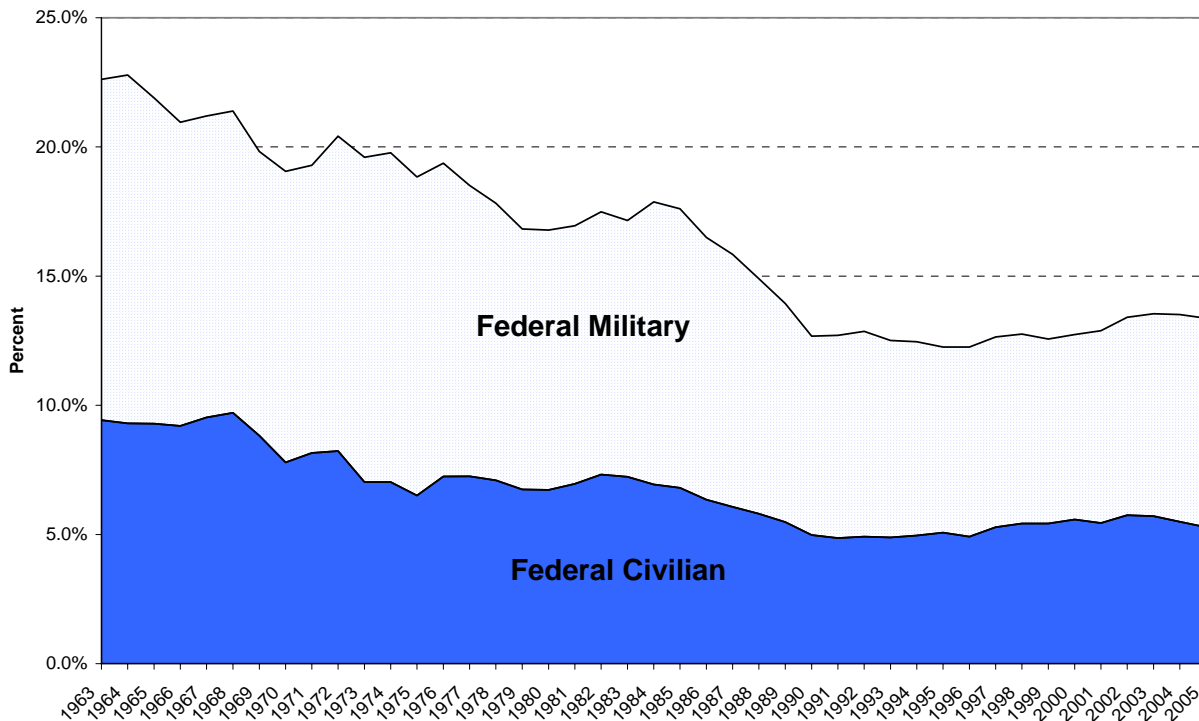
At the same time, the Federal government collected a net of \$7.5 billion in taxes from Hawaii in 2004. The \$4.7 billion excess of federal spending in Hawaii and federal tax revenue from Hawaii came from federal tax revenues collected from other states. This difference helped to balance Hawaii's current account deficit. In another words, this difference was a source of financing of the trade deficit for the state.

Another way of looking at the impact of the federal government in the state is to look at it as a share of Gross State Product. In the Gross State Product calculation, only compensation of employees (including wage and salary and fringe benefits for federal employees) and

procurement expenditures are included. \$5.3 billion or 43.7 percent of the federal spending in 2004 is not included in the GSP calculation. This amount includes government transfer payments, interest payments to federal government bond holders, and grants to state and local governments. Government transfer payments include retirement and disability insurance benefits, medical benefits, unemployment insurance compensation, and other government assistance payments. Consistent with national income accounting principles, these payments are included in the GSP calculation as consumer expenditures. Grants to state and local governments are included in the state and local government portion of the GSP.

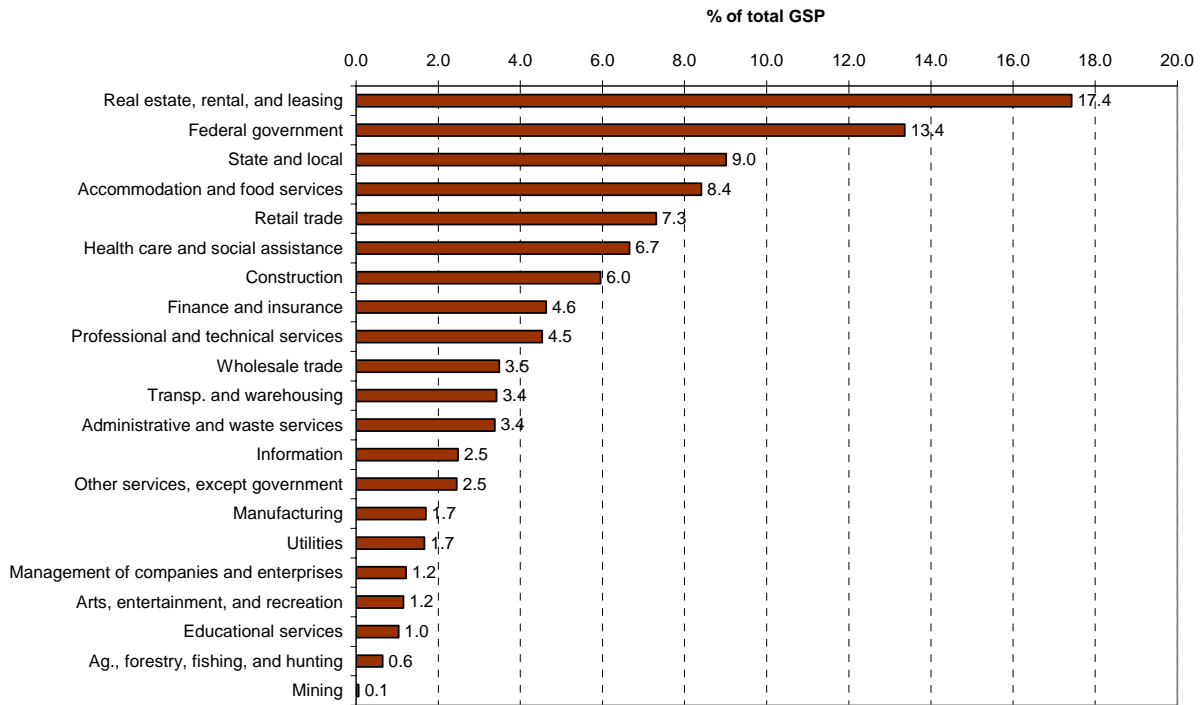
According to the estimates by the U.S. Bureau of Economic Analysis, the federal government ranked as the No.1 sector among the 10 sectors<sup>1</sup> in Hawaii at the 1-digit (division) Standard Industry Classification (SIC) level until 1979 when Finance, Insurance, and Real Estate became larger. Federal government accounted for 22.6 percent of nominal GSP in 1963. It gradually dropped to 12.3 percent in 1995. During the 10 years between 1995 and 2005, direct contribution of the federal government to Hawaii GSP has been level, although in recent years, it increased slightly due to the military operations in Iraq.

**Figure 1.2 Federal Government Direct Contribution to Hawaii GSP**



<sup>1</sup> There were 10 sectors at the 1-digit (division) SIC level. The Government division included federal civilian, federal military, and state and local government. For the purpose of this study, government division is divided into Federal and State and local government sectors.

**Figure 1.3 Industry Composition of Hawaii Gross State Product: 2005**



Source: U.S. Bureau of Economic Analysis.

The federal government is also an important employer in the state. According to the U.S. Bureau of Economic Analysis, the Federal government provided 84,391 jobs in 2005, of which 53,045 were military jobs. Federal jobs comprised 12.4 percent of the state total wage and salary jobs in 2005.

Including military personnel, their dependents, and other civilians hired by the federal government, about 181,000 people in Hawaii were connected to the federal government in 2005 which accounted for 14.2 percent of the state resident population.

In 2004, the most recent year for which data are available, the federal government owned 19.4 percent, or 796,726 acres of the 4.1 million acres of total land in Hawaii. In 2005, the federal government occupied nearly 60 million square feet of building space in the state, 99 percent of which they owned.

Table 1 summarizes the economic indicators related to the Federal government.

**Table 1.1 Indicators of Federal Government in Hawaii**

<b>Indicator</b>	<b>Value</b>	<b>% of State Total</b>	<b>Year</b>	<b>Source</b>
GSP	\$7.3 billion	13.4	2005	Table 2.7
Federal-related population	180,939	14.2	2005	Table 3.2
Wage and Salary jobs	84,391	12.4	2005	Table 3.1
Land acreage owned	796,726	19.4	2004	Table 4.1

## 2. Federal Government Revenue and Expenditures

Hawaii residents pay taxes to the federal government either through payroll taxes or as excise and estate taxes. Net federal tax collections in Hawaii were \$6.1 billion in FY 2006 [Table 2.1]; this excludes the corporate income or other taxes and non-taxes paid by Hawaii businesses through mainland headquarters.

In 2004, the most recent year for which data are available, total federal expenditures reached \$12.2 billion [Table 2.2]. Between 1985 and 2004, the annual average growth rate for federal expenditures was 5.3 percent with the most recent four years growing at 7.8 percent annually. The significant increase in federal government spending in recent years occurred in procurement contracts which increased 12.4 percent per year between 2000 and 2004. Procurement spending was \$0.8 billion in 1995 and jumped to \$2.1 billion in 2004. Direct payment for other than individual surged 12.2 percent a year during the same time period. The majority of the spending in this category was for the employer portion of life and health insurance premium for federal employees. Federal grants to the state, mainly to the State and local governments, increased at an 8.9 percent annual rate between 2000 and 2004.

Comparing federal expenditures per capita for 2004 with other states, Hawaii was 5<sup>th</sup> among the 50 states, with a per capita expenditure of \$9,650.53 or 133.6 percent of the U.S. average [Table 2.3]. The other four top states and their per capita expenditures were Alaska at \$12,885.17, Virginia at \$12,150.14, Maryland at \$11,645.42, and New Mexico at \$10,436.65. Nevada was ranked 50th at \$5,469.24. Not surprisingly, the District of Columbia, had the highest per capita expenditure - \$67,982.10 due to the myriad government agencies located in the nation's capital.

Federal expenditures by county in 2004 showed that the bulk of the expenditures were in the City & County of Honolulu [Table 2.4] – not surprising as the expenditures were generally related to population or locations of military facilities. On a per capita basis, Honolulu was still larger than the other counties at \$10,818.3 compared to the Neighbor Islands' expenditures of \$4,422.3 for Maui, \$5,499.9 for Hawaii and \$5,926.2 for Kauai.

Most of the federal procurement contracts in Hawaii were for military purposes. Of the \$2.0 billion military prime contracts in 2006, construction and services accounted for 63.4 percent of the total, equipment and supplies comprised 36.6 percent of the total [Table 2.5].

To partially mitigate the concern of policy- makers and small businesspersons fearing large-firm dominance in receiving contracts, the U.S. Department of Defense under Public Law 95-507 directed prime contractors receiving a \$1 million construction contract or \$0.5 million for other types of contracts establish a subcontracting program. Table 2.6 shows that in 2005 there were 41 such contractors and \$204.5 million awarded. Of that total 57.3 percent were awarded to small business.

Though declining over the years, the federal government still accounted for 13 percent of Hawaii's economy since 1990's [Table 2.7]. More than 60 percent of the federal government contributions come from military activities. Between 1990 and 2005, direct contribution of the federal government to Hawaii GSP has been level, although in recent years, it increased slightly due to the military operations in Iraq.



**Table 2.1-- FEDERAL TAX COLLECTIONS, BY SOURCE: 2002 TO 2006**

[For fiscal year ending September 30]

Source	2002	2003	2004	2005	2006
Federal collections (\$1,000)	5,559,960	5,262,429	8,394,777	6,680,481	7,122,326
Corporate income tax	606,173	381,241	460,777	582,688	655,818
Individual income and employment taxes	4,779,462	4,715,641	7,746,147	5,837,659	6,184,056
Estate tax	70,828	62,306	77,875	89,479	93,711
Gift tax	17,195	5,758	2,853	3,998	3,604
Excise tax	86,302	97,482	107,125	166,658	185,136
Total amount of refunds issued (\$1,000)	861,101	957,463	902,878	1,007,805	983,897
Corporate income tax	80,379	94,186	62,467	112,953	43,092
Individual income and employment taxes	772,657	857,244	837,208	890,268	933,015
Estate tax	2,736	4,246	2,438	1,912	6,896
Gift tax	755	111	53	81	148
Excise taxes	4,574	1,676	712	2,591	747
Total net federal collection (\$1,000)	4,698,859	4,304,966	7,491,899	5,672,676	6,138,429
Corporate income tax	525,794	287,055	398,310	469,735	612,726
Individual income and employment taxes	4,006,805	3,858,397	6,908,939	4,947,391	5,251,041
Estate tax	68,092	58,060	75,437	87,567	86,815
Gift tax	16,440	5,647	2,800	3,917	3,456
Excise taxes	81,728	95,806	106,413	164,067	184,389

Source: U.S. Department of the Treasury, Internal Revenue Service.

**Table 2.2-- FEDERAL EXPENDITURES IN HAWAII, BY TYPE: 1985 TO 2004**

[In millions of dollars. For fiscal year ending September 30]

Year	Total direct expenditures or obligations	Retirement & disability payments for individuals	Other direct payments for individuals	Direct payments for other than individuals	Grants - block, formula, project, & cooperative agreements	Procurement contracts	Salaries & wages
1985	4,575.5	1,108.1	336.1	48.4	468.0	672.4	1,942.4
1990	5,633.9	1,538.1	520.7	79.1	783.0	547.3	2,165.8
1995	7,449.5	2,043.3	1,069.2	57.4	1,192.1	777.3	2,310.2
2000	9,036.4	2,582.9	1,069.7	128.5	1,532.5	1,293.8	2,429.0
2004	12,187.1	3,202.2	1,403.2	203.4	2,158.3	2,066.0	3,153.9
<b>Annual Average Growth Rate (%)</b>							
1985-1990	4.2	6.8	9.1	10.3	10.8	-4.0	2.2
1990-1995	5.7	5.8	15.5	-6.2	8.8	7.3	1.3
1995-2000	3.9	4.8	0.0	17.5	5.2	10.7	1.0
2000-2004	7.8	5.5	7.0	12.2	8.9	12.4	6.7
1985-2004	5.3	5.7	7.8	7.8	8.4	6.1	2.6

Source: U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year, State and County areas* and U.S. Census Bureau, Governments Division unpublished tabulation (January 11, 2005). Calculations by Hawaii State Department of Business, Economic Development & Tourism.

**Table 2.3-- FEDERAL EXPENDITURES PER CAPITA, BY  
SELECTED STATES: 2004**

[For fiscal years ending September 30. In thousands of dollars, number and percent]

<b>State</b>	<b>Total</b>	<b>Rank among 50 states</b>	<b>Percent of U.S. average</b>
United States	7,222.62	(X)	100.0
District of Columbia	67,982.10	(X)	941.2
Alaska	12,885.17	1	178.4
Virginia	12,150.14	2	168.2
Maryland	11,645.42	3	161.2
New Mexico	10,436.65	4	144.5
<b>Hawaii</b>	<b>9,650.53</b>	<b>5</b>	<b>133.6</b>
North Dakota	9,513.12	6	131.7
Wyoming	8,673.36	7	120.1
Connecticut	8,649.37	8	119.8
Alabama	8,619.41	9	119.3
South Dakota	8,563.86	10	118.6
Nevada	5,469.24	50	75.7

X Not applicable.

Source: U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2004, State and County Areas*.

**Table 2.4-- DIRECT FEDERAL EXPENDITURES OR OBLIGATIONS,  
BY COUNTY: 2004**

[In persons and thousands of dollars. For fiscal year ending September 30]

<b>Category</b>	<b>State Total</b>	<b>City and County of Honolulu</b>	<b>Hawaii County</b>	<b>Maui County 1/</b>	<b>Kauai County</b>	<b>State undistri- buted</b>
Resident population (as of July 1, 2004)	1,262,840	899,593	162,971	138,347	61,929	-
Total direct exp. or oblig.	12,187,069	9,732,078	896,323	611,817	367,005	579,846
Defense	4,772,062	4,544,009	74,378	65,951	87,725	-
Non-defense	7,415,007	5,188,068	821,945	545,866	279,280	579,846
Exhibit: Per capita total direct expenditures or obligations	9,650.53	10,818.31	5,499.89	4,422.34	5,926.22	-
Addendum: Other federal assistance	7,058,872	4,212,360	583,399	1,538,767	587,624	136,722
Direct loans	21,104	12,063	3,140	5,396	504	-
Guaranteed/insured loans	601,631	357,100	52,837	30,650	40,301	120,743
Insurance	6,436,137	3,843,197	527,421	1,502,721	546,819	15,979

1/ Includes Kalawao County.

Source: U.S. Census Bureau, *Consolidated Federal Funds Report for Fiscal Year 2004, State and County Areas* (December 2005).

**Table 2.5-- MILITARY PRIME CONTRACT AWARDS, BY PROGRAM:  
2002 TO 2006**

[In thousands of dollars. Fiscal years ending September 30. Net value of Department of Defense prime contracts over \$25,000]

<b>Procurement program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Total	1,433,119	1,807,959	1,713,892	1,990,796	1,963,465
Construction	590,958	580,083	531,044	524,526	537,211
Services	532,831	563,903	553,779	627,146	708,590
Equipment and supplies	309,329	663,973	629,068	839,124	717,665
Exhibit: % of construction	41.2	32.1	31.0	26.3	27.4
% of services	37.2	31.2	32.3	31.5	36.1
% of equipment and supplies	21.6	36.7	36.7	42.2	36.6

Source: U.S. Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports, Geographic Statistics, Prime Contract Awards by State, Awards - State & Major Procurement Program. Calculations by Hawaii State Department of Business, Economic Development & Tourism.

**Table 2.6-- MILITARY SUBCONTRACTING PROGRAM: 2002 TO 2005**

[In thousands of dollars and percent. Fiscal year ending September 30]

<b>Procurement program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Hawaii number of contractors	52	49	48	41
Hawaii total contracts	336,273	284,976	196,793	204,533
Large business	149,497	100,474	73,876	87,310
Small business	186,776	184,502	122,917	117,223
Hawaii contracts as percent of total	100.0	100.0	100.0	100.0
Large business	44.5	35.3	37.5	42.7
Small business	55.5	64.7	62.5	57.3
United States number of contractors	2,013	1,983	1,639	1,625
United States total contracts	75,395,375	86,383,380	101,677,468	120,947,969
Large business	49,696,856	54,450,581	66,571,644	77,332,006
Small business	25,698,519	31,932,800	35,105,824	43,615,963
U.S. contracts as percent of total	100.0	100.0	100.0	100.0
Large business	65.9	63.0	65.5	63.9
Small business	34.1	37.0	34.5	36.1

Source: U.S. Department of Defense, Statistical Information Analysis Division, "Companies Participating in the Department of Defense Subcontracting Program". Calculations by Hawaii State Department of Business, Economic Development & Tourism.

**Table 2.7. FEDERAL GOVERNMENT CONTRIBUTION TO HAWAII GSP: 1965 TO 2005**

[In millions of current dollars]

<b>Year</b>	<b>Hawaii Total GSP</b>	<b>Federal Civilian GSP</b>	<b>Federal Military GSP</b>	<b>Total Federal GSP</b>	<b>Federal GSP as % of Total GSP</b>
1965	2,841	264	358	622	21.9
1970	4,802	374	541	915	19.1
1975	8,155	531	1,005	1,536	18.8
1980	13,337	897	1,341	2,238	16.8
1985	19,985	1,360	2,158	3,518	17.6
1990	31,898	1,589	2,455	4,044	12.7
1995	36,572	1,855	2,626	4,481	12.3
2000	40,202	2,244	2,878	5,122	12.7
2005	54,773	2,895	4,426	7,321	13.4

Source: U.S. Bureau of Economic Analysis, Gross Domestic Product (GDP) by State.

### **3. Federal Government Employment and Federally-Related Population**

The federal government is one of the largest employers in the State of Hawaii. The U.S. Bureau of Economic Analysis (BEA) is the main source for federal military and civilian statistics. The numbers reported by the BEA differ from other sources such as the U.S. Department of Defense (DOD), the U.S. Bureau of Labor Statistics (BLS) due to different reporting time and coverage of the data.

According to BEA, Hawaii had 102,400 federal jobs in 1970, which accounted for 26.6 percent of state total wage and salary jobs in that year [Table 3.1]. Between 1970 and 2005, federal military jobs declined by 15,904 jobs or 23.1 percent. Federal civilian jobs also decreased by 2,105 jobs, or 6.3 percent during the same period. In 2005, Hawaii had 84,391 federal jobs, of which 53,045 were military personnel. Federal jobs accounted for 12.4 percent of all state wage and salary jobs in 2005.

DBEDT estimated that in 2005, 180,939 people in Hawaii were associated with the federal government either as federal employee or household members of such employees [Table 3.2]. This group of people accounted for 14.2 percent of the state total resident population in 2005.

Based on data from the (DOD), Hawaii had 32,629 and 34,935 shore-based active duty military personnel in 2005 and 2006, respectively [Table 3.3]. These numbers are much smaller than the military jobs reported by BEA as shown in Table 3.1. One of the differences is that the DOD figures exclude the U.S. Coast Guard of the Department of Homeland Security and the Navy-Marine Corps personnel afloat or temporarily shore-based. Another difference is the date of reporting. BEA data are the averages of the calendar year while DOD data are numbers as of September 30 of the year. Of the DOD active duty military personnel of 34,935 in 2006, over half of them were in the Army, 17.4 percent were in the Navy, 14.5 percent were in the Marine Corps, and 14.7 percent were in the Air Force. The mid 1980s was the peak time for military presence in Hawaii after statehood with about 47,000 total shore-based military personnel.

There was an average of 53,646 military dependents in the state each year between 1990 and 2005 [Table 3.4]. Data tabulated from the U.S. Census Bureau's American Community Survey for Hawaii indicated that 10.2 percent of these dependents work for the federal government as civilian workers [Table 3.2].

Of the 31,346 federal civilian jobs in 2005, about 52 percent, or 16,307 jobs were under the Department of Defense [Table 3.1 and 3.4], while in 1990, 59 percent of the federal civilian jobs were under the Defense Department. To manage the large number of visitors to Hawaii, Department of Homeland Security hired 1,868 workers with 60 percent of them in the Transportation Security for 2006 [Table 3.7]. Department of Homeland Security was the second largest federal agency in Hawaii. Other larger federal agencies include U.S. Department of Agriculture with 842 workers, Department of Veterans Affairs with 638 employees and Department of Interior with a workforce of 565 people in 2006.

In addition to the above, Hawaii had 5,233 assigned National Guard in 2004, with 57.5 percent of them in the Army National Guard, and 42.5 percent in the Air National Guard [Table 3.6].

**Table 3.1. FEDERAL GOVERNMENT EMPLOYMENT IN HAWAII: 1970 TO 2005**

Year	Hawaii total wage & salary jobs	Federal civilian Jobs	Federal military jobs	Total federal jobs	Federal jobs as % of state Total
1970	385,181	33,451	68,949	102,400	26.6
1975	434,443	31,017	72,142	103,159	23.7
1980	499,373	30,589	66,457	97,046	19.4
1985	525,185	33,418	68,904	102,322	19.5
1990	625,026	33,720	67,225	100,945	16.2
1995	617,601	31,150	58,638	89,788	14.5
2000	630,849	30,162	52,783	82,945	13.1
2005	682,151	31,346	53,045	84,391	12.4

Source: U.S. Bureau of Economic Analysis, State Annual Personal Income, Table SA27.

**Table 3.2 FEDERAL-RELATED POPULATION AND FEDERAL CIVILIAN JOBS, BY MILITARY STATUS IN HAWAII: 2005**

Category	Persons
Total federal-related population 1/	180,939
Military and dependent population	106,309
Military personnel	53,045
Military dependents	53,264
Non-military related federal workers and their household members 1/	74,630
Non-military related federal workers 1/	25,913
Federal civilian jobs	31,346
Military dependents who held federal jobs 1/	5,433
% of military dependent who held federal jobs 1/	10.2

1/ Based on estimation by the Hawaii State Department of Business, Economic Development & Tourism.

Source: U.S. Bureau of Economic Analysis, State Annual Personal Income, Table SA27 Wage and Salary

Employment by Industry. U.S. Department of Defense, Worldwide Manpower Distribution Area, September 30, 2005. U.S. Bureau of the Census, 2005 American Community Survey. Calculations by the Hawaii State Department of Business, Economic Development & Tourism.



**Table 3.3-- ACTIVE DUTY PERSONNEL, BY SERVICE: 1955 TO 2006**

[As of September 30. Excludes Coast Guard]

Year	Total 1/	Army	Navy	Marine Corps	Air Force
1955	40,258	19,821	5,211	9,677	5,549
1960	35,412	15,492	5,687	7,756	6,477
1965	41,984	20,006	6,700	6,154	9,124
1970	38,397	9,639	11,996	7,189	9,573
1975	43,071	17,312	10,852	8,403	6,504
1980	43,313	17,118	10,976	9,277	5,942
1985	46,875	18,262	12,722	9,192	6,699
1990	41,887	18,590	12,289	5,618	5,390
1995	38,172	16,672	10,738	6,198	4,564
2000	33,930	15,483	7,998	5,960	4,489
2005	32,629	15,458	6,524	5,796	4,851
2006	34,935	18,687	6,080	5,050	5,118

1/ Exclude personnel afloat or temp. shore-based, include deployed for Operation Iraqi Freedom & Operation Enduring Freedom.

Source: U.S. Dept of Defense, Defense Manpower Data Center, Statistical Information Analysis Division, Historical Military Personnel and Active Duty Military Personnel by Service by Region/Country, Total DOD - Sept. 30 (annual).

**Table 3.4-- DEPARTMENT OF DEFENSE PERSONNEL AND DEPENDENTS:  
1990 TO 2005**

[As of September 30. Includes personnel performing civil functions, primarily those associated with the Army Corps of Engineers. Excludes Coast Guard]

Year	Active-duty shore-based military personnel 1/	Dependents of active-duty military personnel 2/	Direct-hire civilian personnel
1990	41,887	51,727	19,857
1995	38,172	58,788	17,179
2000	33,930	50,804	16,723
2005	32,629	53,264	16,307

1/ Excludes Navy personnel afloat or temporary shore-based.

2/ Includes dependents of Hawaii residents stationed out of the State, if those dependents remained in Hawaii.

Source: U.S. Department of Defense, Defense Manpower Data Center, Directorate for Information, Operations and Reports, Statistical Information Analysis Division, *Department of Defense Selected Manpower Statistics* (annual); *Worldwide Manpower Distribution by Geographical Area*, September 30 (annual).

**Table 3.5-- DEPARTMENT OF DEFENSE CIVILIAN PERSONNEL, BY SERVICE: 1982 TO 2005**

[As of September 30. Includes personnel performing military functions, those activities associated with the uniformed services. Personnel are U.S. citizens and are direct-hires unless otherwise noted. Excludes civilian personnel of the Coast Guard]

<b>Year</b>	<b>All services</b>	<b>Army</b>	<b>Navy &amp; Marine Corps</b>	<b>Air Force</b>	<b>Other defense activities</b>
1985	21,259	5,300	13,213	2,626	120
1990	19,857	5,548	11,951	2,244	114
1995	17,179	4,820	10,014	1,323	1,022
2000	16,723	4,471	8,999	2,074	1,179
2005	16,307	4,320	9,075	1,980	932

Source: U.S. Department of Defense, Defense Manpower Data Center, Statistical Information Analysis Division (formerly the Directorate for Information Operations and Reports), *Atlas/Data Abstract for the US and Selected Areas* (annual), and *Ibid. Worldwide Manpower Distribution by Geographical Area* (annual).

**Table 3.6-- ARMY AND AIR NATIONAL GUARD STRENGTH: 2000 TO 2004**

[Strength as of September 30 for 2000 through 2002; June 30 for 2003 and 2004]

<b>Year</b>	<b>Total assigned strength</b>	<b>Army National Guard</b>	<b>Air National Guard</b>
2000	5,415	3,010	2,405
2001	5,383	2,978	2,405
2002	5,334	2,914	2,420
2003	5,233	3,009	2,224
2004	5,233	3,009	2,224

Source: Hawaii State Department of Defense, *Annual Report Fiscal Year* (annual), and for *Fiscal Year 2004*.

**Table 3.7-- FEDERAL GOVERNMENT EMPLOYMENT, BY AGENCY: 2000 TO 2006**

[Fiscal year ending September 30. Excludes the U.S. Postal Service and individual state totals exclude Federal Bureau of Investigation (FBI)]

	2000	2001	2002	2003	2004	2005	2006
<b>TOTAL</b>	<b>20,262</b>	<b>20,513</b>	<b>21,340</b>	<b>21,409</b>	<b>22,216</b>	<b>22,031</b>	<b>22,186</b>
<b>Cabinet-level</b>	19,934	20,181	21,028	21,145	21,956	21,761	21,915
Agriculture	794	803	840	764	837	851	842
Commerce	264	281	283	296	328	348	379
Defense	16,451	16,453	17,013	15,969	16,587	16,485	16,716
Justice	333	500	561	313	300	281	295
Labor	28	27	30	30	31	26	25
Energy	3	3	3	2	3	3	2
Health & Human Services	21	28	99	22	25	26	22
Homeland Security	1/	1/	1/	1,957	2,038	1,946	1,868
Trans. Security Admin.	1/	1/	1/	1,157	1,268	1,188	1,117
Housing & Urban Dev.	27	25	26	27	25	28	28
Interior	493	515	532	560	573	594	565
Nat'l Parks Service	279	289	298	321	333	349	338
State	19	20	19	23	22	23	15
Transportation	537	537	641	418	405	375	363
Treasury	418	418	406	186	173	161	157
Veterans Affairs	546	571	575	578	609	614	638
<b>Independent agencies 2/</b>							
<b>Large</b>	310	315	297	248	244	254	255
<b>Medium</b>	17	15	13	14	15	15	15
<b>Small</b>	1	2	2	2	1	1	1

1/ Agencies became part of the new Department of Homeland Security on November 25, 2002.

2/ As of September 30, 2006, Large Independent Agencies had employment worldwide of 159,501, Medium had 11,402, and Small had 1,507.

Source: U.S. Office of Personnel Management, FedScope <[http://www.fedscope.opm.gov/employment\\_access.asp](http://www.fedscope.opm.gov/employment_access.asp)> accessed April 12, 2007.

#### **4. Federal Government Property**

The total acreage of the State of Hawaii is 4,105,600 acres and of that approximately 19.4 percent was owned by the federal government in 2004 – the most recent year for which the real property profile is available [Table 4.1]. In addition, it has been estimated that of the 61,303,258 square feet of building area occupied by federal agencies in 2005, nearly 98 percent were federal government owned. According to data from the U.S. Department of Defense, the military owned nearly 55 million square feet of the building in 2005 [Table 4.3], that accounted for 91.7 percent of the total federally owned building square footage.

Table 4.2 shows the presence of military installations in Hawaii relative to the United States by component and size. While Hawaii had 2.7 percent of all the installations in the United States in 2005, it had 8.0 percent of Marine Corps installations. When considering the size, based on a total plant replacement value of greater than or equal to \$1.616 billion designated as ‘large’ to less than \$862 million for ‘small’, and ‘medium’ being those installations between \$862 million and \$1.616 billion, Hawaii had 4.1 percent of the large installations, but 14.0 percent of the large Marine Corps’ installations.

However, land ownership by the Department of Defense is smaller than that of other federal agencies. The six land-based national parks in Hawaii under the Department of the Interior have a total land area of about 252,000 acres with Hawaii Volcanoes National Park alone occupying 209,695 acres of land. As of September 30, 2005, Department of Defense owned 154,022 acres of land. Though data for 2005 are not available, total land with federal ownership in 2004 was 796,725.5 acres.

Recognizing that a significant portion of the inventory of military family housing in Hawaii, as well as other areas in the United States, has unsuccessfully competed for funding in recent budgets, the DOD sought an alternative. The Military Housing Privatization Initiative (MHPI) is a 50-year public-private partnership as authorized under the National Defense Authorization Act for Fiscal Year 1996 to facilitate upgrade and maintenance of the inventory of military housing units. There are total 16,396 units included in the projects. 47 percent of the units are in the Army, 8.3 percent in Air Force, and 44.7 percent in Navy and Marine. These units include renovation and new construction. Since January 2005, many of these units have been completed and the projects are still on-going.

**Table 4.1-- REAL PROPERTY OWNED BY OR LEASED TO THE FEDERAL GOVERNMENT: 2002 TO 2005**

[As of September 30]

Subject	2002	2003	2004	2005
Total number of buildings	15,667	16,640	(NA)	(NA)
Owned	15,468	16,459	13,642	(NA)
Leased	199	181	(NA)	(NA)
Total building area (sq. ft.)	79,001,619	86,478,316	75,838,083	1/ 61,303,258
Owned	78,224,966	85,728,813	74,590,794	59,967,355
Leased	776,653	749,503	1,247,289	1,335,903
Total acres owned by the Federal Gov't	672,805.6	671,579.8	796,725.5	(NA)
Public domain 2/	267,944.5	270,011.1	(NA)	(NA)
Acquired by other methods 3/	404,861.1	401,568.7	(NA)	(NA)
Acreage of the State of Hawaii	4,105,600.0	4,105,600.0	4,105,600.0	(NA)
Owned by the Federal Gov't (%)	16.4	16.4	19.4	(NA)

NA Not available.

1/ DBEDT-corrected total. As published, total is less than sum of 'owned' and 'leased'

2/ Public Domain refers to land the Federal Government owned by virtue of its sovereignty. Public domain includes land that has never left Federal ownership, land acquired by the Federal Government in exchange for other public land, and land reverting to Federal ownership as the result of public land laws.

3/ Includes any land acquired by purchase, condemnation, donation, exchange, and other acquisition methods.

Source: U.S. General Services Administration, *Federal Real Property Profile* (annual), tables 10 and 16; *Ibid. Annual Report 2004 Final*, tables 10 and 16 and *Ibid. Federal Real Property Council's FY 2005 Federal Real Property Report, Executive Summary Report: An Overview of the U.S. Federal Government's Real Property Assets* (June 2006) table 1.

**Table 4.2-- MILITARY INSTALLATIONS BY COMPONENT AND SIZE FOR  
HAWAII AND THE UNITED STATES: SEPTEMBER 30, 2005**

Location and component	Total	Large 1/	Medium 2/	Small 3/	Other 4/
Hawaii	77	4	3	65	5
Army	27	1	2	23	1
Navy	22	1	1	19	1
Air Force	21	1	-	17	3
Marine Corps	7	1	-	6	-
United States	2,888	98	90	2,338	362
Army	1,343	38	28	1,206	71
Navy	599	19	28	491	61
Air Force	857	33	28	574	222
Marine Corps	88	7	6	67	8
Washington Headquarters Service	1	1	-	-	-
Hawaii as percent of the U.S.	2.7	4.1	3.3	2.8	1.4
Army	2.0	2.6	7.1	1.9	1.4
Navy	3.7	5.3	3.6	3.9	1.6
Air Force	2.5	3.0	0.0	3.0	1.4
Marine Corps	8.0	14.3	0.0	9.0	0.0

1/ A large installation has a total plant replacement value (PRV) greater than or equal to \$1.616 billion.

2/ A medium installation has a total plant replacement value (PRV) less than \$1.616 billion and greater than or equal to \$862 million.

3/ A small installation has a total plant replacement value (PRV) less than \$862 million and greater than 0.

4/ Other Installation has a total plant replacement value (PRV) equal to zero - primarily land records.

Source: U.S. Department of Defense, Office of the Deputy Under Secretary of Defense (Installations & Environment), *Base Structure Report (A Summary of DoD's Real Property Inventory), Fiscal Year 2006 Baseline*, pp. DOD-22 and 25.

**Table 4.3-- SELECTED CHARACTERISTICS OF MILITARY INSTALLATIONS:  
SEPTEMBER 30, 2005**

Site	Buildings Owned 1/		Acreage		PRV 2/ (\$mil.)
	Number	Square feet	Total	Owned	
<b>Hawaii total</b>	10,245	54,982,393	213,777	154,022	27,025
Army total	1,460	13,490,977	168,949	117,091	8,903
Air Force total	1,429	7,473,429	3,969	3,070	3,025
Marine Corps total	1,995	9,952,967	10,987	5,759	3,269
Navy total	5,371	24,081,209	29,872	29,187	11,833

1/ This report inventories 1 building leased for 637 square feet at Army Active Waianae.

2/ PRV or plant replacement value represents the reported cost of replacing the facility and its supporting using today's construction cost (labor and material) and standards (methodologies and codes).

Source: U.S. Department of Defense, Office of the Deputy Under Secretary of Defense (Installations & Environment), *Base Structure Report (A Summary of DoD's Real Property Inventory) Fiscal Year 2006 Baseline.*

**Table 4.4-- MILITARY HOUSING PRIVATIZATION INITIATIVE PROJECTS:  
JANUARY 2005**

[Numbers of units are approximate. The MHPI is a 50-year public-private partnership as authorized under the National Defense Authorization Act for Fiscal Year 1996 to facilitate upgrade and maintenance Of the inventory of military housing units]

Component, location and condition	Number of dwelling units
<b>Total dwelling units participating</b>	16,396
Army - Residential Communities Initiative	7,704
Air Force	1,356
Navy/Marine - Public-private partnership	7,336

Source: Building Industry Association of Hawaii "Military Housing Privatization Initiative in Hawaii" Forum Presentation, June 18, 2003.

## 5. Conclusion

The Federal government plays an important role in Hawaii's economy. From a cash flow point of view, the federal government is the second largest industry in Hawaii with Tourism being the largest in the state. Since tourism is not defined as an industry in the North American Industry Classification System (NAICS), the U.S. Bureau of Economic Analysis does not include tourism as an industry when reporting data on Gross Domestic Product. The role of tourism in the economy is calculated through the Travel and Tourism Satellite Account. DBEDT's Hawaii Travel and Tourism Satellite Account showed that Hawaii's tourism industry contributed about 23 percent of Hawaii's GSP in 2005.

Using National Income and Product Accounting principles, the values of homes occupied by home owners are included in the real estate, rental and leasing sector although there are no cash flow transactions involved. The GSP values of homes of homeowners are calculated based on the rental values of similar homes for the year. With about 59.7 percent of home ownership in Hawaii in 2005, the GSP value of homes occupied by owners was large enough to make it the largest industry in Hawaii. The real estate sector was also the largest industry in the United States in 2005.

Federal government activity in Hawaii directly contributed 13.4 percent of Hawaii's total Gross State Product, 14.2 percent of Hawaii's resident population, and 12.4 percent of total wage and salary jobs in 2005. If indirect and induced impacts are included, Federal government is estimated to contribute 18 percent of Hawaii's GSP and 23 percent of Hawaii's total wage and salary jobs.