

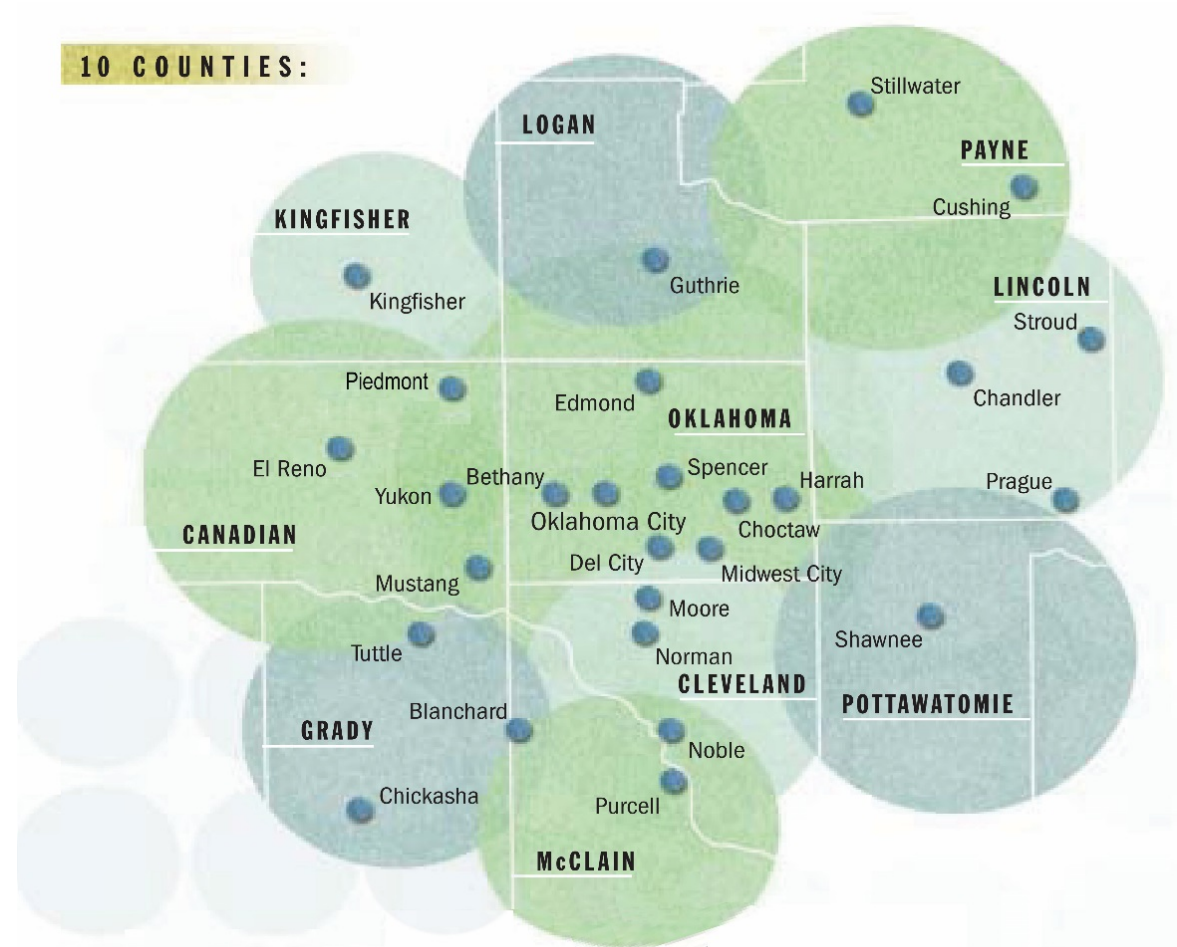


# Aerospace: A Key Engine for Greater Oklahoma City's Present and Future Success

December 6, 2016

# Greater OKC Region

OKC MSA's 7 Counties plus Kingfisher, Pottawatomie and Payne



# Greater OKC Aerospace -- \$4.9 Billion Industry

Government Remains The Core

Figure 1. Greater Oklahoma City Region Aerospace Industry (2015)

Industry Subgroup	Establish-ments	Employ-ment	Output (\$Mil)	Labor Income (\$Mil)
Government	16	29,392	\$3,218.7	\$2,108.0
Tinker AFB (military and Federal civilian)	1	23,726	2,204.2	1,476.4
FAA Mike Monroney Aeronautical Center	2	5,415	989.1	613.4
Other State/Federal Government	13	251	25.3	18.2
Maintenance, Repair, and Overhaul (MRO)	78	4,763	1,299.2	370.3
Air Transportation (Airports, aircraft sales, and air travel)	102	1,652	242.9	111.7
Manufacturing, Engineering, and Consulting	22	642	113.1	66.7
Other (education, spraying, and aerial photography)	18	162	19.2	9.2
<b>Total</b>	<b>236</b>	<b>36,611</b>	<b>\$4,893.1</b>	<b>\$2,665.9</b>

# Oklahoma City Remains The Hub of Industry

Figure 2. Greater OKC Region Aerospace Industry by County (2015)

County	Establishments		Employment		Output (\$Mil)		Total Employment	Aerospace as % of Total Employment
Canadian	13	5.5%	234	0.6%	38.5	0.8%	53,240	0.4%
Cleveland	17	7.2%	138	0.4%	23.9	0.5%	129,516	0.1%
Grady	6	2.5%	13	0.0%	3.4	0.1%	23,819	0.1%
Kingfisher	5	2.1%	27	0.1%	3.0	0.1%	10,667	0.3%
Lincoln	8	3.4%	60	0.2%	110.6	2.3%	15,127	0.4%
Logan	7	3.0%	55	0.2%	20.4	0.4%	24,730	0.2%
McClain	7	3.0%	20	0.1%	20.0	0.4%	14,373	0.1%
Oklahoma	150	63.6%	35,611	97.3%	4,591.6	93.8%	586,575	6.1%
Payne	14	5.9%	369	1.0%	63.8	1.3%	51,912	0.7%
Pottawatomie	9	3.8%	84	0.2%	17.9	0.4%	34,638	0.2%
<b>Greater OKC Region</b>	<b>236</b>	<b>100.0%</b>	<b>36,611</b>	<b>100.0%</b>	<b>\$4,893.1</b>	<b>100.0%</b>	<b>944,597</b>	<b>3.9%</b>

# Role Of Aerospace in OK/OKC Typically Not Fully Captured

**Surveys tend to ignore Federal role in aerospace – particularly military**

- Focus is generally manufacturing, space, and traditional defense contractors
- Oklahoma/OKC tend to show up in the middle of the pack
- Ignores Tinker itself and Monroney FAA Center

**When Federal presence is considered, Oklahoma & OKC move up among the leading states**

# Oklahoma And OKC Remain Key Federal/Air Force Sites

Oklahoma has the **5<sup>th</sup> largest group of AF personnel** (trailing only TX, FL, CA & GA)

... and **largest group of *civilian* AF personnel** among the states

... and the **14<sup>th</sup> largest group of active-duty AF personnel**

OKC is the **12<sup>th</sup> largest location for Federal civilian workers** among MSAs

(4<sup>th</sup> highest concentration among top 20)



# Region's Impressive Private MRO Sector Continues To Develop

**MRO** (Maintenance, repair, and overhaul):

- 78 firms
- 4,800 employees
- \$1.3 billion in output
- \$370 million wages

Boeing is now the third largest source of aerospace activity in the region

# Aerospace: Largest Source of Federal Contracting

**Figure 14. Oklahoma Aerospace-Related Federal Procurement (FY2015)**

<b>Federal Agency</b>	<b>State of Oklahoma</b>	<b>10-County Region</b>	<b>Oklahoma County</b>
Air Force	\$1,005,619,094	\$905,186,345	\$903,280,883
Army	117,418,940	56,787,085	47,700,466
Navy	114,614,234	97,589,597	93,545,538
Defense Logistics Agency	87,146,735	49,085,376	33,849,909
Other Federal Agencies	83,426,183	78,614,291	57,421,974
<b>Total Aerospace &amp; Aviation-Related</b>	<b>\$1,408,225,186</b>	<b>\$1,187,262,693</b>	<b>\$1,135,798,771</b>
<b>Total Procurement</b>	<b>\$2,760,095,819</b>	<b>\$1,906,708,177</b>	<b>\$1,734,899,144</b>
<b>Aerospace Share of Total Procurement</b>	<b>51.0%</b>	<b>62.3%</b>	<b>65.5%</b>
<b>Total Aerospace Procurement Performed by Oklahoma-based vendors</b>	<b>\$1,132,206,291</b>	<b>\$990,602,781</b>	<b>\$952,109,159</b>
<b>Share of Aerospace Procurement Performed by Oklahoma-based vendors</b>	<b>80.4%</b>	<b>83.4%</b>	<b>83.8%</b>



# Aerospace Supports \$8.2 Billion In Total Economic Activity In Region

Figure 17. OKC Region Aerospace Industry Economic Impacts (2015)

Total Effects (Direct + Indirect + Induced)			
Industry Group	Employment	Output (\$Mil)	Labor Income (\$Mil)
Government:			
Tinker AFB (military and Federal civilian)	40,809	\$3,196.1	\$2,111.2
FAA (Mike Monroney) Center	13,375	1,651.8	852.6
Other State/Federal Govt	402	41.0	22.6
Maintenance, Repair, and Overhaul (MRO)	7,287	2,689.4	710.9
Air Transportation (Airports, aircraft sales, and air travel)	3,767	395.9	174.3
Manufacturing, Engineering, and Consulting	1,733	166.3	172.2
Other (education, spraying, and aerial photography)	211	23.4	12.5
<b>Total Effects</b>	<b>67,583</b>	<b>\$8,164.0</b>	<b>\$4,056.3</b>

# Aerospace Contributes \$190 Million To State And Local Taxes Annually

**Figure 18. Estimated State and Local Tax Revenue - Aerospace Activity (2015)**

Type of Tax	Tax Revenue (\$Mil)	% of Total Revenue
Personal Income Tax	\$87.7	46.3%
Corporate Income Tax	2.9	1.5%
Motor Vehicle Tax	14.2	7.5%
Personal Property Tax	1.1	0.6%
Sales and Use Tax:		
State	\$48.8	25.8%
Local	34.6	18.3%
Total Sales and Use Tax	\$83.4	44.0%
<b>Total State and Local Tax Revenue</b>	<b>\$189.4</b>	<b>100.0%</b>

# Aerospace Remains A Key Source Of High Wage/High Skill Jobs

## Key aerospace occupations and wages in Oklahoma:

- 820 aerospace engineers (\$88,950/yr)
- 120 aerospace engineering & operations technicians (\$68,660/yr)
- 3,500 aircraft mechanics and service technicians (\$50,170/yr)
- 470 avionics technicians (\$52,540/yr)

# Survey Suggests Future Aerospace Opportunities For Oklahoma

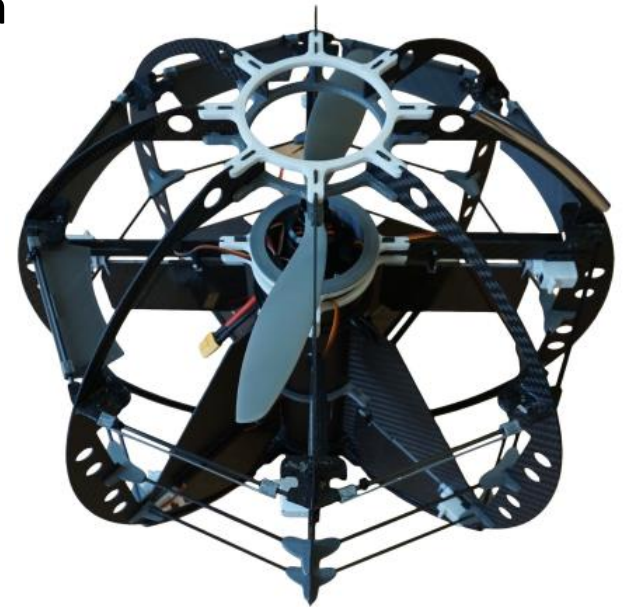
## **PwC survey of aerospace manufacturing attractiveness:**

Overall OK ranks 16<sup>th</sup> among the states

Provides more than a manufacturing assessment

Identified strengths and weaknesses:

- Taxes (7<sup>th</sup>)
- Operating Expenses (9<sup>th</sup>)
- Industry Size (32<sup>nd</sup>)
- Education of Workforce (37<sup>th</sup>)



Source: PricewaterhouseCoopers (PwC) 2015 Aerospace Manufacturing Attractiveness Rankings

# Recent/Future Expansion at Tinker AFB



# Opportunities at Will Rogers World Airport



# Thank You



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