

Written Testimony for the U.S. Senate Committee on Small Business and Entrepreneurship

Weathering the Storm: Hurricane Michael's Impact on Northwest Florida's Small Businesses

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Senator Rubio – thank you for being here, and for inviting me to testify today before the Senate Committee on Small Business and Entrepreneurship on Hurricane Michael's impact on Northwest Florida's small businesses. I would like to start off by publicly expressing my sincere appreciation to the Bay County Chamber of Commerce, led by their President and CEO, Ms. Carol Roberts. I think that Ms. Roberts would agree with me that we have inherited from our predecessors a strong, symbiotic relationship between a long-standing military base and a growing community. This relationship gives us, and those we serve, a tremendous opportunity to make things better for future generations lucky enough to call Bay County home.

This community's support for Tyndall AFB is quite literally, award winning. As you are aware, the Association of Defense Communities named Bay County as one of five members of its 2019 class of Great American Defense Communities. You don't win this award by having just one good year; this prestigious award was decades in the making. The strong relationship between Tyndall and the community has only grown stronger in the aftermath of Hurricane Michael. Thank you to the Bay County Chamber of Commerce, especially its Military Affairs Committee, and to the Bay Defense Alliance for all you do to support Tyndall AFB.

When Hurricane Michael made landfall as a rare Category 5 storm last October it dealt a devastating blow to our area's small businesses and the base alike. The storm left roughly half of the base's 484 buildings either completely destroyed or so badly damaged that they are too costly to fix. Nearly all of the buildings that survived the storm require varying degrees of repair.

Despite the extensive damage to the base, over the last ten months our Airmen implemented countless, innovative, temporary fixes to bring their missions back on-line, consistent with our Air Force Secretary's direction. With the exception of our F-22 and T-38 flying operations, much of which we are conducting out of Eglin, and our non-commissioned officer academy, which we plan to stand up sometime next year, we have fully resumed all of our missions at Tyndall. We have back at Tyndall 73% of the military and civilian Airmen that we had pre-Michael, 85% when we count our people at Eglin. Some have moved back into recently repaired facilities, like our Air Traffic Control Tower, our 1st Air Force Headquarters, and our Air Battle Manager schoolhouse. Others will continue to work in temporary, modular facilities and sprung shelters, until we rebuild their permanent structures.

As you are aware, Tyndall AFB has a significant and enduring economic impact on this region. As we both recover and rebuild the base, we expect that economic impact will continue for the foreseeable future. We last completed a formal Economic Impact Analysis in 2017. This 2017 analysis was consistent with each of the two previous studies in 2011 and 2014. In fact, over the course of three straight economic impact studies covering the seven years preceding Hurricane Michael, Tyndall AFB consistently registered an estimated economic impact on our local community of approximately \$600 million per year.

The U.S. Department of Commerce developed the standard factors we use to compute this estimated impact. These factors consider three major categories: first, the annual payroll for all of our employees; second, our annual expenditures on things like construction, services, materials, equipment, and supplies; and, third, an estimated dollar value of the indirect jobs we create. In 2017, Tyndall spent \$371 million on payroll and \$150 million on annual expenditures. Additionally, Tyndall created an estimated 1,908 jobs worth \$75 million. In 2017, the total estimated economic impact from Tyndall AFB on the surrounding communities was \$596 million.

In 2019, Tyndall's economic impact will be much higher. We won't know exactly how much higher until we get the final numbers at the end of the fiscal year. At this point, both the payroll and value of indirect jobs created appear to be consistent with historical estimates for a combined total of about \$400 million. However, and as expected, our annual expenditures category this year will be much higher. This is a direct result of Hurricane Michael recovery efforts. We estimate we will execute over \$1 billion on facility repairs, supplies, utilities and other services across the base before the end of the fiscal year. This estimate does not include the military construction projects needed to rebuild what Tyndall lost in the storm, as these projects are not yet on contract. The estimate for these projects is approximately \$3 billion.

The future is bright for Tyndall AFB and for our community. Just last week, Vice President Pence reaffirmed the Administration's commitment to rebuilding the installation. Our Acting Air Force Secretary Donovan also announced that recently completed Air Force analysis confirmed last December's decision to bed-down up to three squadrons of F-35A fighters at Tyndall with the first aircraft slated to arrive in 2023. This decision bodes well for the installation's continued and significant economic impact on the businesses in our area. Opportunity is ours for the taking.

I'd like to thank you again for the invitation to testify before the committee this morning, and I look forward to your questions.