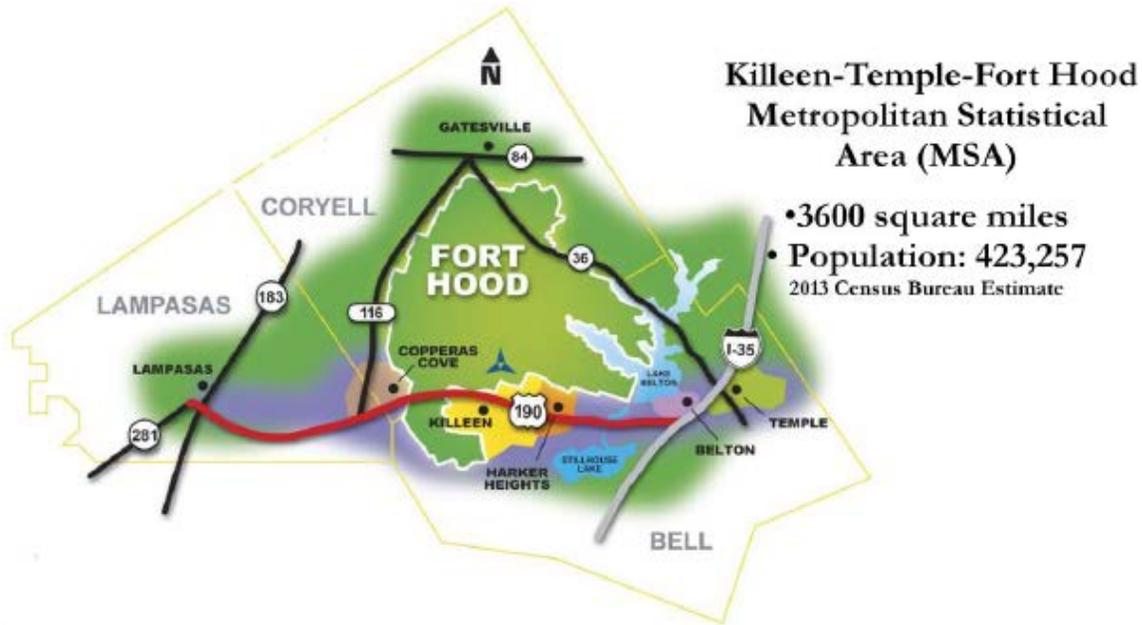


Force Reduction Assessment



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This report addresses the potential impact of a Force Reduction at Fort Hood, Texas, specifically on the Killeen-Temple-Fort Hood MSA. The report focuses on the areas of Retail, Housing, Education, Employment, Business, and Defense Suppliers. Given the July 9, 2015 Army announcement to reduce 3,350 military personnel from Fort Hood. The assumption is that this reduction will have an adverse impact on the area. Another hypothesis is that the reductions will occur through normal attrition over time and will not be immediately felt in the communities if at all. This comprehensive report assesses the potential impacts and offers recommendations to mitigate any impacts.

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CITY OF KILLEEN
FORCE REDUCTION ASSESSMENT

Report Prepared by

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June 15, 2016

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1. Executive Summary of Findings:

The planned 3,350 troop reduction at Fort Hood, Texas will not significantly impact the region. However, two concerns were voiced;

1. Killeen is concerned about lost business, approximately \$153,563 annually, at the Killeen-Fort Hood Regional Airport.
2. The reduction of 3,350 Soldiers at Fort Hood does not create an immediate educational concern however, the Killeen Independent School District (KISD) and Copperas Cove Independent School District (CCISD) could experience significant Impact Aid cuts if additional force reductions occur at Fort Hood. In KISD, 45% of the current enrollment is federally connected and if that level drops below 35% then KISD could lose approximately \$20M per year in Impact Aid. In CCISD, 36.5% of the current enrollment is federally connected but of that percentage, only 26.65% met the heavy Impact Aid standard; therefore, beginning in the 2016-2017 school year, CCISD will lose \$8.5M per year over the next 3 years for a total loss of over \$24M. If CCISD's percentage of federally connected students falls below 35%, which could happen as early as next year, then the district will lose an additional \$3M per year beginning in the 2019-2020 school year.

With that said, the region as a whole, as well as each of the cities, included in the Killeen, Temple, Fort Hood MSA, have implemented outstanding comprehensive plans to mitigate the troop losses at Fort Hood, Texas. Their plans were not based on this most recent troop reduction but the past two large deployments, Desert Shield/Desert Storm, and Operation Iraqi Freedom. The lessons learned from these two large-scale deployments were studied in depth and taken to heart.

2. Summary of Recommendations:

Fort Hood's interaction with the Texas Workforce Network is magnificent ranging from the highest-level coordination (on the Workforce Board); to continuous contacts by activities such as Employment Readiness, to every aspect of a family member and civilian employee support initiatives. Fort Hood's world-class approach to community partnerships and family engagements is unparalleled and must be sustained to help minimize any impacts on the region by the force reductions at Fort Hood. The tremendous efforts by all the cities in the MSA to plan for growth and by increasing business diversity must also remain a top priority. Also, continue the planning efforts to make the Central Texas region more accessible by fully implementing the KTMPO plan for a fully integrated, multi-modal transportation system by the expansion and improvements of the Killeen-Ft. Hood airport. Once complete, these improvements increase Central Texas residents' access to careers in larger job markets, thereby increasing their standard of living and the region's tax base. Since 2003, The Heart of Texas Defense Alliance (HOTDA) has magnificently served as a regionally focused organization to advocate for Fort Hood, the defense industry, organizations, and institutions in Central Texas, as well as the communities that benefit most from Fort Hood's significant economic impact. HOTDA's work in future discussions about a BRAC or potential challenges and opportunities to Fort Hood and the Central Texas region will continue to inform and demonstrate the tremendous value to all leaders in the MSA.

3. Background:

The Army completed the reduction of their Active Component (AC) to 490,000 authorizations during Fiscal Year 2015. As outlined in the 2014 Quadrennial Defense Review, Army leaders directed a reduction to 450,000 be completed by the end of Fiscal Year 2017 to comply with adjusted Department of Defense (DoD) fiscal guidance and to operate under the severe [economic] constraints caused by current law budget caps. The reduction of 40,000 Soldiers, on top of the 80,000 Soldiers removed from the force structure in recent years, represents a cumulative 21 percent reduction across the AC

from Fiscal Year 2010. This reduction was achieved through a combination of unit and command inactivations and design adjustments (Notification to Congress,"2015, p. 4).

The magnitude of the decrease in force structure made it necessary to distribute the unit of inactivation regarding both geography (number of installations) broadly "and organizationally (the types of units selected for inactivation). There simply was not one segment of the Army that could sustain the entirety of the cuts. The primary consideration in designating these reductions was the Army's ability to meet the requirements outlined in the Defense Strategy regarding critical capabilities. To help inform all force structure initiatives, the Army executed a Supplemental Programmatic Environmental Assessment (SPEA) in 2014 to evaluate the environmental and socioeconomic impacts from proposed action to realign the Army's force structure between FY 2016 through FY 2020. The SPEA and the associated public comment period concluded in October 2014. The Army prepared and published the Finding of No Significant Impact (FONSI) as a result of the SPEA (p.5).

Estimates of local impacts were derived from the Economic Impact Forecast System (EIFS). The system accounted for the number of Soldiers whose positions would be lost; an estimate of government contract service jobs that would be lost; and indirect job losses that would occur in the community because of a reduction in demand for goods and services. The system measures potential changes to sales volume, income, and employment ("Notification to Congress," 2015, p. 5).

An Economic analysis using EIFS was included in the 2014 Supplemental Programmatic Environmental Assessment (SPEA) for Army 2020 Force Structure Realignment, prepared under the National Environmental Policy Act of 1969. As a result of the SPEA, the Army determined that preparation of an Environmental Impact Statement (EIS) was

not necessary, and a Finding of No Significant Impact (FNSI) was signed on November 10, 2014 (“Notification to Congress,” 2015, p.7).

Fort Hood will experience a net loss of approximately 3,350 Active Component (AC) military positions due to modifications of Armored Brigade Combat Teams and other formations. [By October 1, 2018],...Fort Hood will have a population of approximately 34,125 AC Soldiers, which is less than the 2001 population of 41,127 AC Soldiers. Economic Impact Forecast System (EIFS) analysis in the SPEA provided estimated [results] based on a 16,000 Soldier loss at Fort Hood. The net loss of 3,350 Soldiers will incur less of an impact on sales volume, employment, and income than the worst case estimate in the SPEA, but clearly it will be significant to the community. For this report, the Army used the Economic Impact Forecast System and ran actual net population reductions. The sales volume is estimated to be a loss of \$172M. The estimated income loss is \$182M, and Employment (Indirect) estimated loss is 313 non-federal jobs as a result of the reduced demand for goods and services in the Region of Influence (“Notification to Congress,” 2015, p. 17).

4. Scope:

The Force Reduction Assessment is a report that evaluates how the reduction of Soldiers impacts the community, based on the opinions of civic leaders in the region, state and local data sources, resulting from Army force reduction actions at Fort Hood, Texas. This assessment includes impacts in the following areas: (1) Retail; (2) Housing; (3) Schools, and Higher Education; (4) Employment; (5) Small business; and (6) Defense Suppliers. It does not duplicate any previous assessments conducted by the Army; however, previous studies were taken into consideration. The methodology for the evaluation came from hundreds of hours of interviews with all the City Managers and their staff members, Economic Development Councils and Chambers of Commerce Presidents, business leaders, University/College Presidents, School Superintendents, and respected local leaders.

5. Framing the problem:

The Department of the Army (2015) announced force structure decision and stationing plans for the reduction of the Regular Army from 490,000 to 450,000 Soldiers. The reduction of force structure will occur in fiscal years 2016 and 2017; the reduction of 40,000 end-strength will be completed by the end of the fiscal year 2018, and will be accompanied by the reduction of 17,000 Department of the Army Civilian employees.” [This represents a cumulative cut of 120,000 Soldiers from the Regular Army, or 21 percent, since 2012] (“Army Announces”, 2015, para 1-2).

Driven by fiscal constraints resulting from the Budget Control Act of 2011 and defense strategic and budgetary guidance, these cuts will impact nearly every Army installation, both in the continental United States and overseas. As part of these reductions, the number of Regular Army brigade combat teams, the basic deployable units of maneuver in the Army, will continue to be reduced from a wartime high of 45 in 2012 to 30 by the end of the fiscal year 2017. The Army will convert both 3rd Infantry Brigade Combat Team, 3rd Infantry Division at Fort Benning, Georgia and the 4th Infantry Brigade Combat Team (Airborne), 25th Infantry Division at Joint Base Elmendorf-Richardson, Alaska into... maneuver battalion task forces by the end of the fiscal year 2017. Additionally, the 2nd Stryker Brigade Combat Team, 25th Infantry Division will remain at Schofield Barracks, Hawaii, but will convert to a two-maneuver infantry brigade combat team (“Army Announces”, 2015, para, 9-12).

The Army was directed to make reductions and did so in a strategically measured approach to preserving warfighting capabilities and avoids a hollow force as the Army faces continuing fiscal pressures. In addition to reorganizing the operational force, the Army is reducing the size of two-star-and above headquarters and cutting the civilian workforce.

The reduction at every post is achieved through a combination of unit and command inactivations and design adjustments. Included are the inactivation of additional Brigade Combat Teams (BCTs), execution of the Aviation Restructure Initiative (ARI), reduction and adjustment of non-BCT enabling forces (such as Combat Support and Sustainment), adjustments to the Army Generating Force (training and institutional support headquarters), redesign of the majority of Army headquarters at the corps, division, brigade, and battalion levels, and a proportional adjustment to the Transients, Trainees, Holders, and Students (TTHS) Account (which generally 13% of the Active Component at any given force structure level). Specific to the BCTs is the elimination of two mechanized infantry companies from all Armored Brigade Combat Teams (ABCT). The conversion of the two Infantry BCTs at Fort Benning, Georgia and Joint Base Elmendorf-Richardson (JBER), Alaska to smaller battalion task forces, and the conversion of a Stryker Brigade Combat Team (SBCT) to an Infantry Brigade Combat (IBCT) Team in Hawaii. Nearly every Army installation will experience reductions of some size. There are only six installations, for which reductions exceed 1,000 Soldiers: Fort Benning, Georgia, Fort Bliss, Texas, Joint Base Elmendorf-Richardson, Alaska, Joint Base Lewis-McChord Washington, Schofield Barracks, Hawaii, and Fort Hood Texas (“Notification to Congress,” 2015, p. 4).

6. Regional Vision:

Five very good broad objectives for the Killeen-Temple-Fort Hood MSA were identified through the course of this assessment. The first four are the vision of the Killeen Chamber of Commerce and the fifth is from the Killeen-Temple Metropolitan Planning Organization (KTMPO). Because of the region's proximity and relationship with Fort Hood, the first objective is to protect and grow Fort Hood. Second, create and develop a world-class education system that meets the needs of the 21st Century community and their employers. Third, set up and retain jobs. Fourth, improve the image of the region. Fifth, develop a fully integrated, multi-modal transportation system. Each of these objectives requires collaboration with all of the cities in the MSA. Furthermore, each objective is impacted in some way, often dramatically, by public policy and Department of Defense and Department of the Army decisions surrounding Fort Hood.

7. Demographics Facts:

The demographic facts (as of June 15, 2016) are designed to highlight computations of multiple sources that demonstrate the military importance to the region.

- a. On July 9, 2015, the Army announced force reductions of 3,350 military personnel from Fort Hood.
- b. The current authorized strength on Fort Hood is 37,188.
- c. The currently assigned strength on Fort Hood is approximately 38,502.
- d. The present number of Soldiers deployed is 7,505. The approximate number is expected to remain about the same for the foreseeable future.
- e. There are 13,794 on-post family members at Fort Hood and approximately 75% reside off post.
- f. There are approximately 5,518 (AF and NAF) civilian employees on Fort Hood.
- g. There are approximately 13,139 contractors' personnel and others on Fort Hood.
- h. Most off-post military families live within 10 miles of Fort Hood in Killeen, Copperas Cove, or Harker Heights.
- i. About half of the off-post military personnel are homeowners versus renters.
- j. Average household size is 2.66.
- k. Fort Hood direct payroll equals \$3.624 billion annually.
- l. Retirees, survivors, and family members total 286,989.
- m. On-Post population 70,005.
- n. Off-Post family members 41,968.
- o. Two ways to estimate dependents -
Family Households = 73.6% (Non-Family Households = 26.4%)
Percent married = 52.8%
ESTIMATES of reduction – see tables
Low: 6,322
High: 9,388

Table 1: Fort Hood Demographics

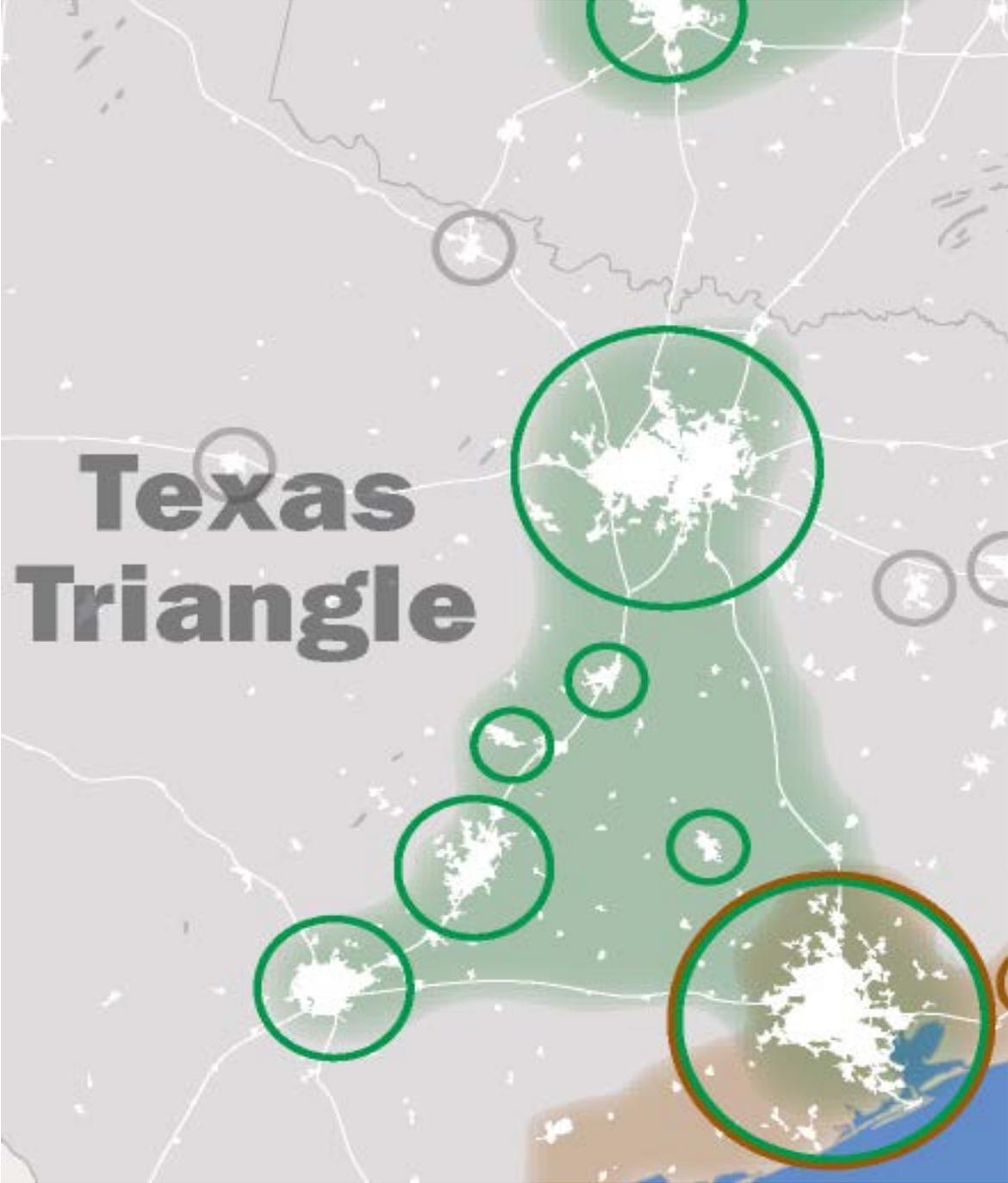
Percent Married		Percent Family Household	
3,350	Planned reduction	3,350	Planned reduction
1,769	Married service members (given 52.8% married in MSA)	2,464	Families (given 73.6% in MSA are family Households)
1,581	Single service members	886	Single Service members
4,740	Household size low estimate	6,605	Household size low estimate
6,102	Household size high estimate	8,502	Household size high estimate
6,322	Total - Low	7,490	Total - Low
7,684	Total - High	9,388	Total - High

Source: KTMPO Metro Planning Organization

- p) The rapidly growing Texas Triangle region contains 73.8% of people but only 23.5% of land area (see map at Figure 1).
- q) 2014 Texas statewide pop = 26,956,958
- r) 2014 Texas Triangle = 19,920,119

Figure 1: Texas Triangle

Source: KTMPO



8. Assumptions:

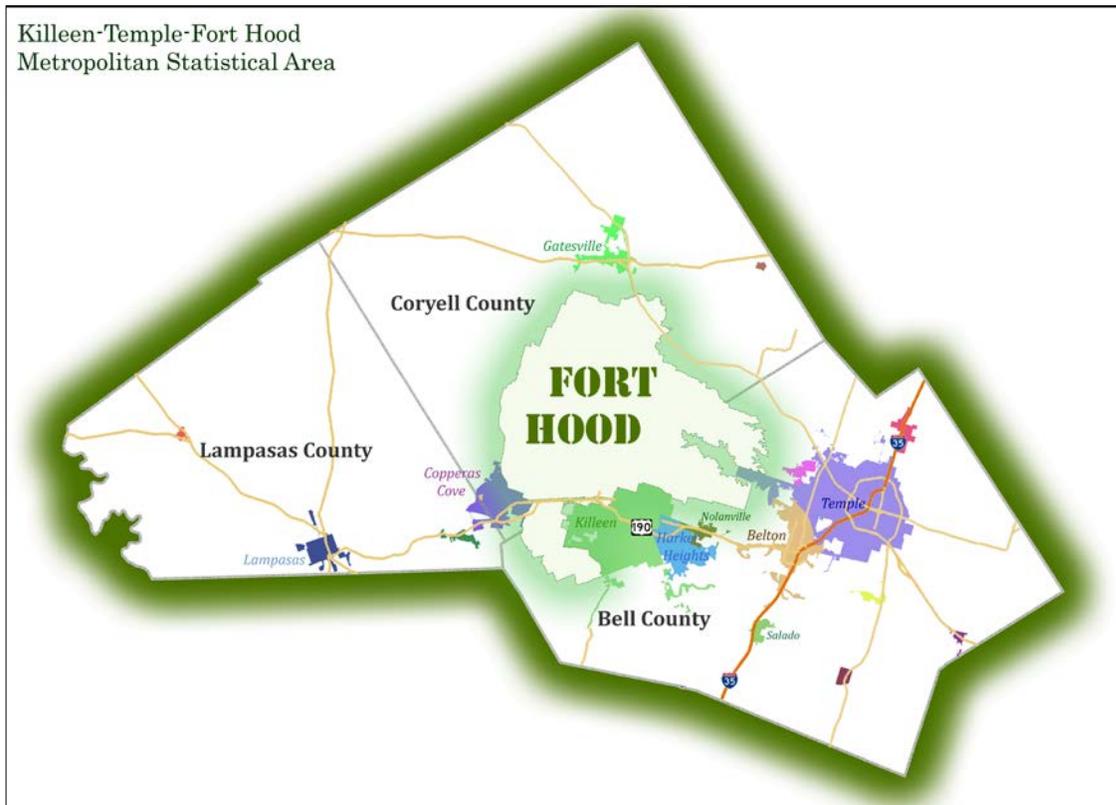
The following assumptions are from the compilations of multiple sources on the possible impacts of the force reduction of 3,350 Soldiers,

- a. Reductions will occur through normal attrition spread over time and will most likely not be felt in the communities.
- b. The budget deficit may cause further reductions in the civilian workforce.
- c. Defense Contractors may keep pace with military reductions and reduce contractors but at this time has not manifested.
- d. Due to the size and mission profile of Fort Hood, other units may be relocated here and thus offset the loss/impacts.
- e. Any stress on the military family unit as a result of the drawdown, (i.e. involuntary reduction of a service member, Permanent Change of Station, spouse losing civilian job) may have an adverse impact on the children due to parental neglect and or child abuse.
- f. Uncertainty of the economic impact on the local community could negatively impact philanthropic giving from area corporations, businesses, and individual donors, making it harder for nonprofits to close the gaps left open by reduced or eliminated government or civil services.
- g. Local education agencies (school districts) may lose federal impact aid funding based on changes to their average daily attendance of military-connected children and will have to plan and adjust accordingly for reduced funding to support annual school budgets (“Military Child Education Coalition,” n.d., as cited by Ballantyne, 2016).

9. General:

The Killeen-Temple-Fort Hood MSA, as of July 1, 2015, as estimated by the United States Census Bureau included Killeen, Temple, Harker Heights, Copperas Cove, Gatesville, and Belton with a 2010 Census of 405,300 and growth to 431,032 in 2015. (See MSA Map).

Figure 2: Killeen-Temple- Fort Hood MSA Map



Source: KTMPO

MSA is characterized by a diverse group of communities. There are several key strengths to the Central Texas position, and they are the Texas Triangle, with access to Interstate 35, known as “Main Street, Texas,” Killeen-Fort Hood Regional Airport, and the Amtrak station in Temple.

The Texas Triangle is home to several universities and junior colleges, a variety of light industries, and several medical facilities. These elements drive development and commerce far into the future. The region's strategic position allows it to capitalize on the commerce between the growing economies as well as international trade activity with Mexico. The reagent for growth in these communities captures activities that benefit from the creation of new jobs, population growth, retail goods and services (“KTMPO,” 2014).

In the last decade, the area has experienced tremendous growth regarding people, housing, commerce, and traffic. Due to the influence of Fort Hood, and the combination of two Census-designated Urbanized Areas (UZA), the MSA area, is vibrant, active, and diverse. As shown in Table 2, between 2000 and 2010, the population of the MSA increased by 92,384 people. The city of Killeen and the juxtaposition to Fort Hood experienced the greatest increase, growing from 86,911 to 127,712 people. Other cities in the region underwent similar expansion (KTMPO,”2014, p. 26).

Table 2: Population Totals

Name	2000 Census	2010 Census	Percent Increase
Killeen-Temple MPO	293,209	367,654	25.39%
Belton	14,623	18,216	24.57%
Copperas Cove	29,592	32,032	8.25%
Harker Heights	17,308	26,700	54.26%
Killeen	86,911	127,921	47.19%
Temple	54,514	66,102	21.26%
Bell County	237,974	310,235	30.37%
Coryell County	74,978	75,388	0.55%
Lampasas County	17,762	19,677	10.78%

Source: ("KTMPPO,"2014, p.26)

Based on the documented growth rates according to KTMPPO (2014), they developed the 2040 regional population projections according to Table 2, thereby establishing the 2040 control population for the area at 575,200. These projections were approved by the KTMPPO on July 25, 2012. Exhibit 3.10 summarizes the population and households in the area which includes a small area in Williamson County.

Table 3: 2040 Population and Households

	Population		Absolute Growth	Annual Growth rate
	2010 Census	2040 Projection		
Bell County				
Belton	18,216	36,000	17,784	2.3%
Fort Hood (Partial)	15,233	20,900	5,667	*
Harker Heights	26,700	40,500	13,800	1.4%
Killeen	127,921	200,000	72,079	1.5%
Temple	66,102	105,000	38,898	1.6%
Other Cities	17,191	24,600	7,409	1.2%
Unincorporated Areas	38,872	55,600	16,728	1.2%
Subtotal	310,235	482,600	172,365	1.5%
Coryell County				
Copperas Cove (Partial)	31,460	57,000	25,540	2.0%
Fort Hood (Partial)	14,356	21,500	7,144	*
Unincorporated Areas	3,213	4,600	1,387	1.2%
Subtotal	49,029	83,100	34,071	1.8%
Lampasas County				
Copperas Cove (Partial)	572	800	228	2.0%
Other Cities	1,089	1,600	511	1.2%
Unincorporated Areas	4,957	7,100	2,143	1.2%
Subtotal	6,618	9,500	2,882	1.2%
KTMPO Planning Area Total	365,882	575,200	209,318	1.5%

Source: Figure 3.10: 2040 Population and Households (within the KTMPO Modeled Area) (“KTMPO,” 2014, p. 34)

The following data from EMSI collaborates with the FRA report of a 1.5% growth rate which supports KTMPO data of 2012 that there is no impact on the region from the reduction.

Table 4: 2040 Population and Households

County*	2040 Population	2040 Households
Bell	481,723	175,828
Coryell	83,977	25,613
Lampasas	9,500	3,509
Williamson**	1,919	287
Total	577,119	205,237

Source: Exhibit 3:10 2040 Population and Households (within the KTMPO Modeled Area (“KTMPO,” 2014, p.35)

Employment was split into primary, retail, service, and education sectors. Based on the 2010 base data, total employment to individual employment sector ratio was calculated for each county and the future years were projected to carry forward the same ratio.

Table 5: 2040 Employment Projections

County*	Employment		Absolute Growth	Annual Growth rate
	2010	2040 Projection		
Bell	128,623	203,142	74,519	1.54%
Coryell	30,286	44,869	14,583	1.32%
Lampasas	353	525	172	1.33%
Williamson**	256	464	208	2.00%
KTMPO Model Total	159,518	249,000	89,482	1.50%

Source: Exhibit 3.11 summarizes the 2040 employment controls total by County (“KTMPO,” 2014, p. 33)

Table 6: MSA Five Sector Growth*

Year	MSA		State		MSA		State		MSA		State	
	Employment	125,356	10,182,156	1,216	144,982	10,049	866,444	16,713	1,705,345	12,891	823,960	
	Employment	127,001	10,422,296	1,205	147,791	10,052	888,909	16,924	1,744,434	13,306	820,403	
	Employment	127,458	10,727,644	1,234	152,315	10,109	914,289	16,607	1,799,030	13,308	814,160	
	Employment	129,326	11,031,906	1,256	158,061	10,244	936,102	16,517	1,847,738	13,507	819,830	
	Employment	130,742	11,375,444	1,310	162,131	10,471	964,359	16,698	1,910,333	13,267	832,476	
	Employment	131,903	11,585,338	1,319	164,648	10,490	982,400	16,795	1,952,310	13,171	847,281	
	Employment	135,470	11,902,706	1,371	169,620	10,689	1,001,512	17,264	2,004,518	13,661	878,694	
	Employment	138,571	12,177,732	1,416	174,035	10,861	1,018,238	17,672	2,049,350	14,101	906,975	
	Employment	141,345	12,423,131	1,459	178,004	11,013	1,033,300	18,035	2,089,050	14,503	932,927	
	Employment	143,875	12,646,635	1,498	181,615	11,151	1,047,130	18,365	2,124,990	14,878	957,137	
	Employment	145,808	12,812,919	1,527	184,264	11,255	1,057,759	18,610	2,151,125	15,180	976,764	
	Employment	148,134	13,037,311	1,567	187,645	11,381	1,072,782	18,896	2,187,435	15,518	1,000,297	
	Employment	150,331	13,247,155	1,604	190,791	11,499	1,086,871	19,168	2,221,241	15,841	1,022,760	
	Employment	152,407	13,443,816	1,639	193,720	11,611	1,100,119	19,422	2,252,770	16,151	1,044,243	
	Employment	154,373	13,628,559	1,672	196,448	11,717	1,112,608	19,663	2,282,242	16,448	1,064,830	
	Employment	156,243	13,802,622	1,703	198,999	11,818	1,124,421	19,891	2,309,878	16,734	1,084,610	

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

**Employment defined as number of overall employment. Housing and Real Estate defined as number of jobs in the following categories: sales agents, appraisers, financial analysts, loan officers, title examiners, etc. Growth in Retail defined as the number of jobs in the following categories: wholesale buyers, retailers, sales agents, purchasing agents, store clerks, etc. Small Business is defined as the number of jobs in the following categories: software developers, lawyers, pediatricians, veterinarians, audiologists, maids and housecleaners, etc . Education is defined as the number of jobs in the following categories: teachers, principals, coaches, scouts, assistants, school psychologists, etc*

***The data collected from EMSI for each of the following cities has been created by standardizing each sector. This allows for comparison between smaller cities, like Copperas Cove and Gatesville, to be compared to not only larger cities, but the state of Texas. Each standardized graph is accompanied by a chart which contains the original raw numbers so that non-standardized comparisons can be made.*

Figure 3: MSA Growth in Employment**

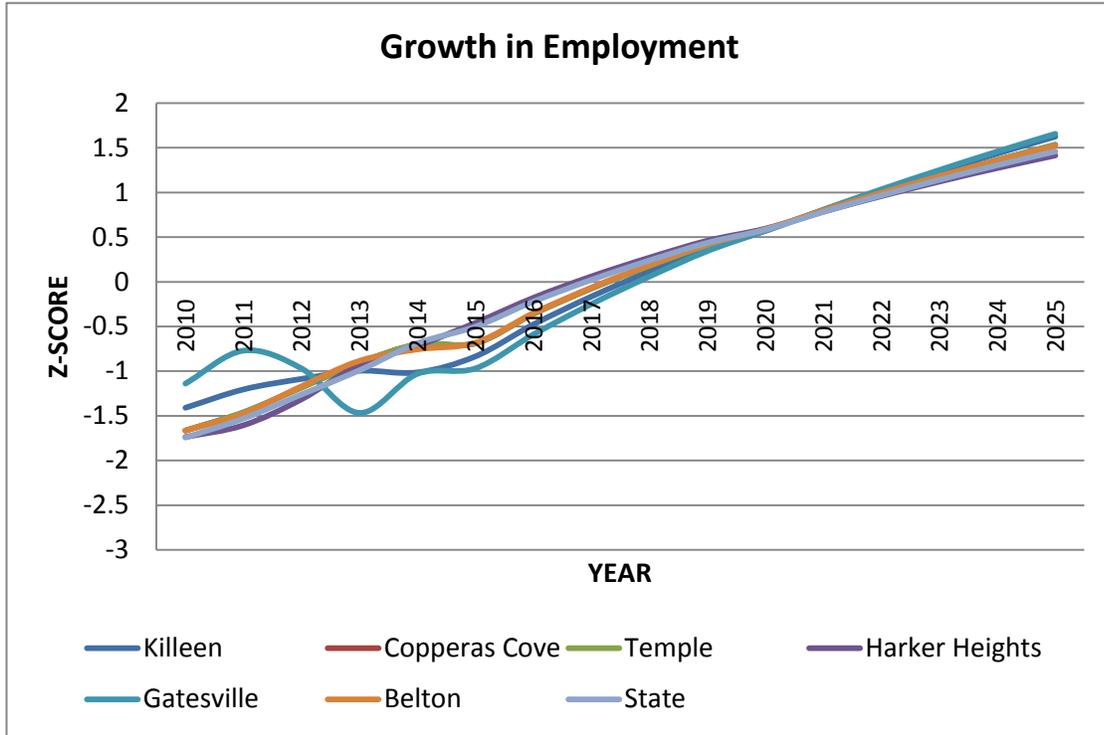


Figure 4: MSA Growth in Small Business**

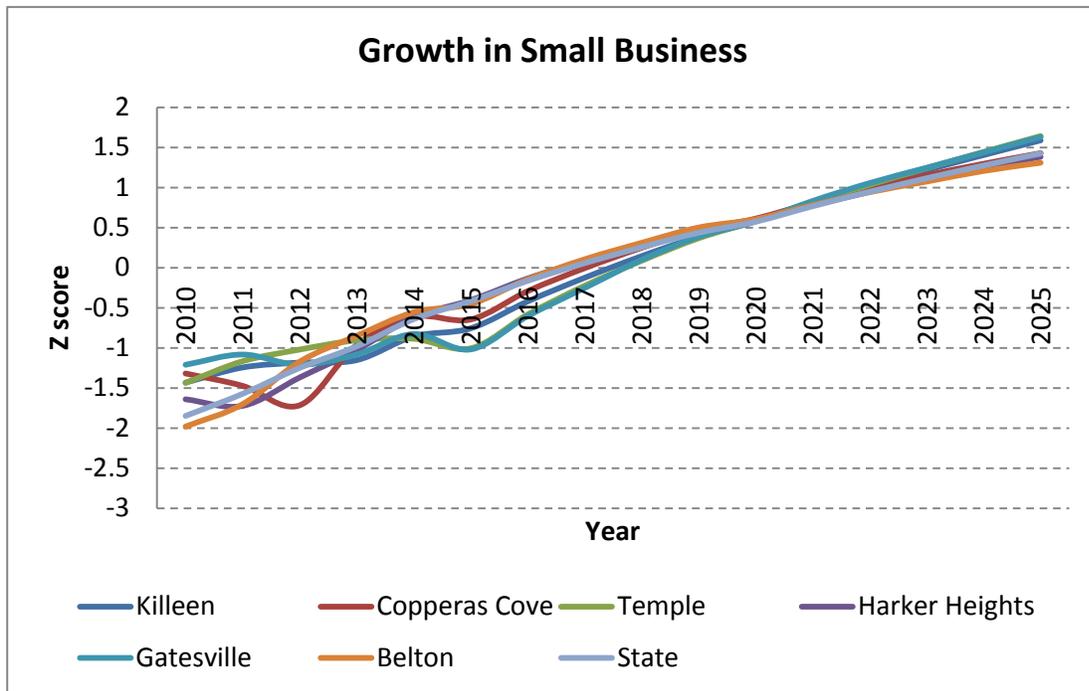


Figure 5: MSA growth in Housing/Real Estate**

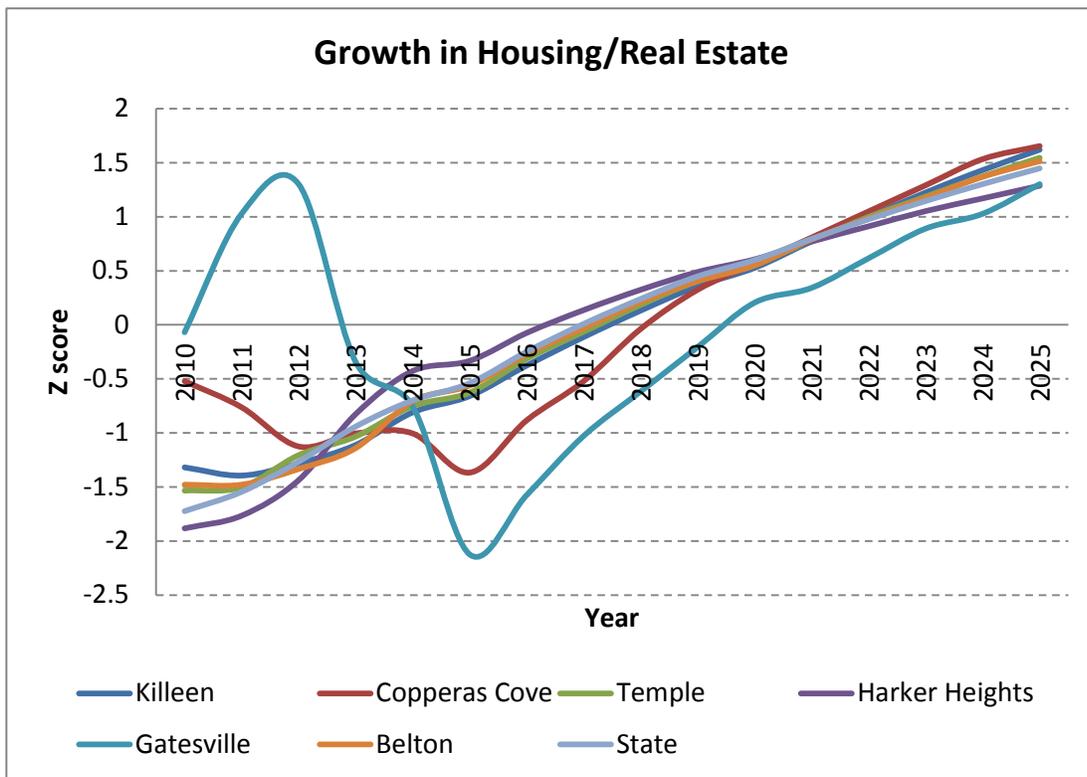


Figure 6: MSA Growth in Retail**

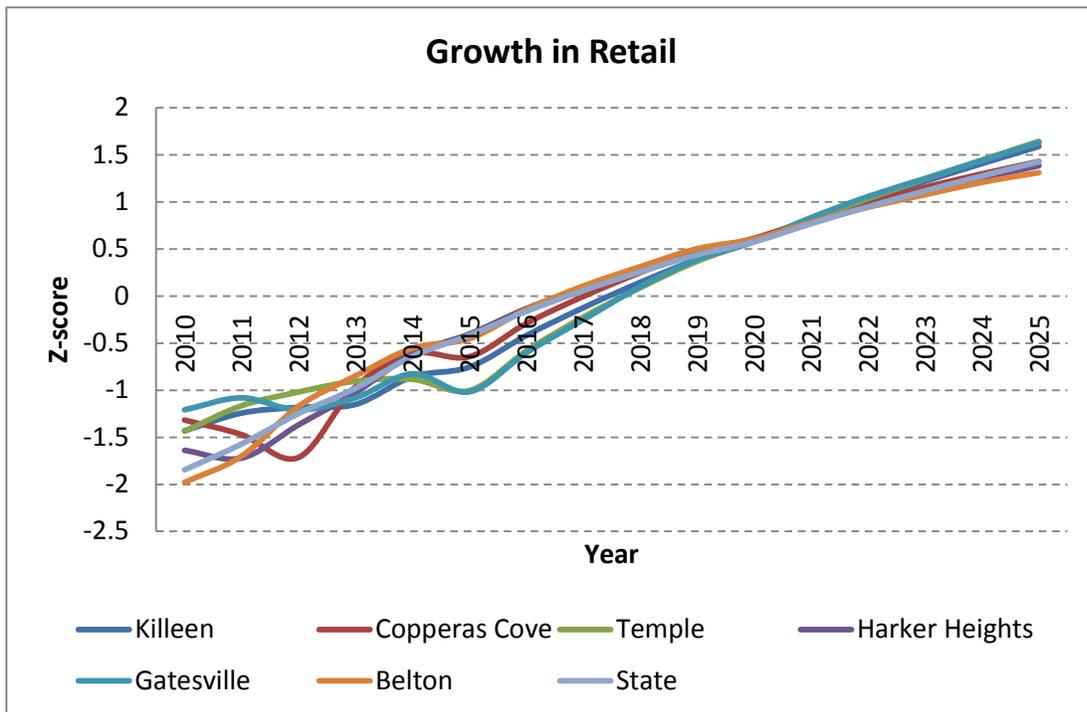
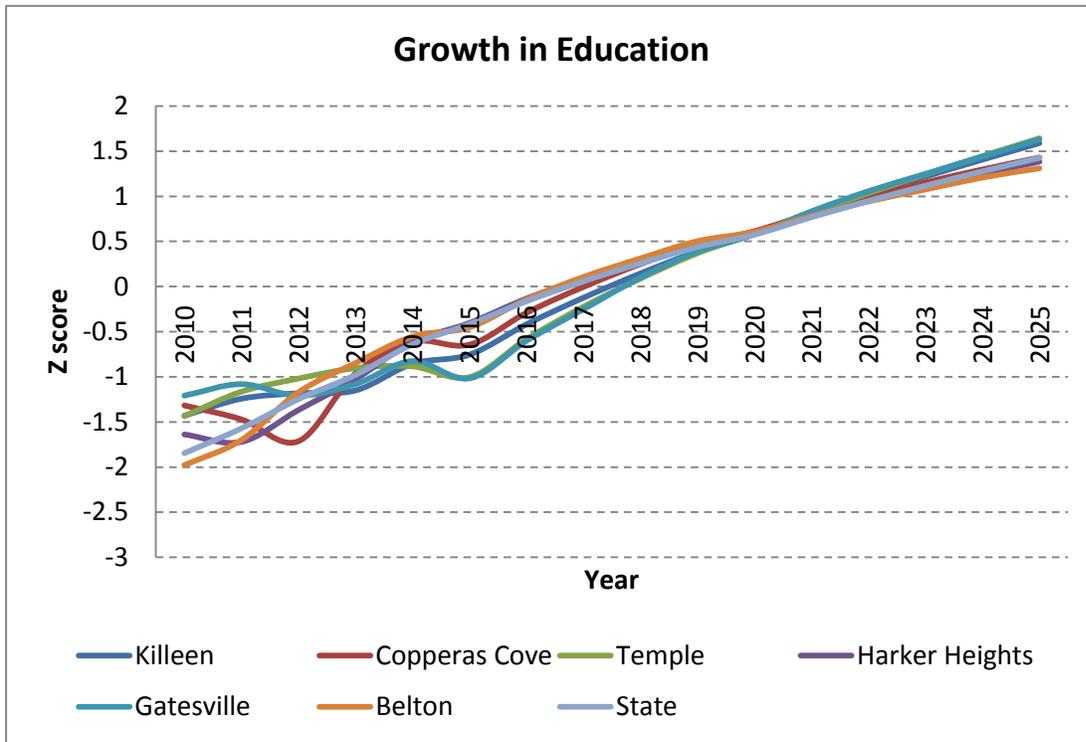


Figure 7: MSA Growth in Education**



a. Fort Hood

Fort Hood is a U.S. military post located adjacent to Killeen, Texas. It is in mostly Bell County, with some portions of the post in Coryell County.

“Fort Hood rests in the beautiful “hill and lake” country of Central Texas between Killeen and Copperas Cove and is approximately 60 miles north of the capital city of Austin, Texas, 50 miles south of Waco, 160 miles south of Dallas, and 150 miles north of San Antonio. (Welcome to Fort Hood, n.d., para 4).

Fort Hood covers a total of 340-square miles and supports multiple units, a corps headquarters, and a robust mobilization mission. Fort Hood also meets the training and support requirements for many smaller units and organizations, thus maintaining a vital defense force for the United States of America (Welcome to Fort Hood, n.d., para 3). [Ft Hood is similar to] the State of Texas, because Fort Hood is big and boasts of being the largest active duty armored post in the United States Armed Services. Fort Hood is nicknamed *The Great Place* because of the quality of life the post and area offer Soldiers and their families have (Welcome to Fort Hood, Texas, n.d, para, 1).

These qualities are essential, especially with home-basing initiatives, frequent deployments, and family stability and support. The cantonment of Fort Hood had a total population of 53,416 as of the 2010 U.S. Census and as of June 15, 2016, the on post population is 70,005. Fort Hood has 5,849 sets of family quarters in 12 separate housing areas and 99 total Soldier barracks with 15,352 beds. It has nine on-post schools, 760 teachers and staff and 25,039 students both on/off the post (The Fort Hood Homepage, n.d.)

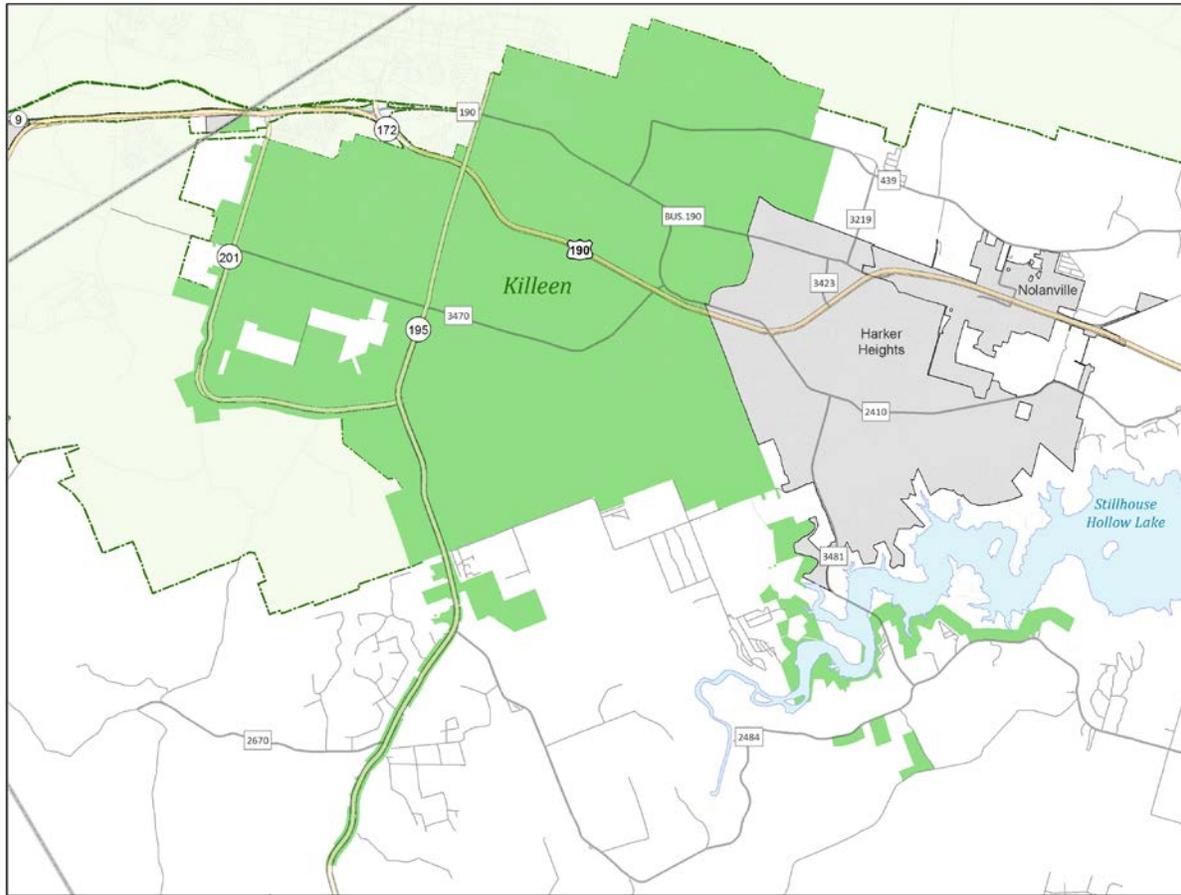
When it comes to community relations, Fort Hood sets the standard. At the local level, Fort Hood leverages longstanding community partnerships with 25 cities throughout the Central Texas area to maintain connections and broaden understanding of their mission and enduring efforts. Fort Hood is continuously seeking out kindred community

opportunities at the regional level to give the people of Texas, beyond their already partnered communities, a stronger awareness of and a connection to Fort Hood and the Army. Their active community relations effort fosters mutual respect and builds on the established relationships the troops and their families have enjoyed in Central Texas for decades (“2016-2018 Strategic Plan,”n.d).

b. Killeen

Killeen as the principle city in the MSA, is directly adjacent to the main cantonment of Fort Hood, and their economy heavily depends on the military post, troops, and their families stationed in Fort Hood and those living in Killeen (See Map below).

Figure 8: Map of Killeen



Source: KTMPO

According to the United States 2010 Census the city’s population was 129,177, making Killeen the 21st most populous city in Texas. The 2014 population estimates put Killeen at 136, 884 (“Your Geography,” n.d).

According to the city’s 2008 Comprehensive Annual Financial Report, Fort Hood is the top employer on the list of 10. Killeen’s growth is undeniable with current predictions

indicating that the growth will continue despite the force reduction of 3,350 Soldiers from Fort Hood: therefore, with more people come more neighborhoods, schools, businesses, and services (City Adopts the Killeen Comprehensive Plan, 2010).

According to The Future of Retail Trade (n.d.):

Retail growth in the Fort Hood region looks positive in the years ahead regardless of anticipated reductions in force at the installation. There are several reasons for this.

- The region continues to demonstrate strong population growth all across the region. With a growing population comes a growing demand for retail products.
- The region is located in a growing state with a nationally recognized, positive business climate.
- The region occupies a central location in the Houston-Dallas-San Antonio triangle where over seventy percent of the state's population resides and will continue to reside.

The region is...[becoming more connected] to, the robust Austin Corridor economy. Community leaders have effectively collaborated to make major investments in highways that will pay big dividends in the years ahead. Investments in Interstate 35, in U.S. Highway 190 and U.S. Highway 195, will ease commutes and accelerate destination retail.

Perhaps most importantly, retail investors have, over the years, continued to misjudge demand in military communities. Invariably, when most retail establishments open in the Fort Hood region, sales far exceed the retailer's expectations. The misjudgment results in pent-up demands. There is a reason for this.

Retail investors use a variety of indicators to plan their investments. Some follow the lead of other retailers, while others follow housing growth. Many businesses use household demographics available from a number of national resource databases.

None of those databases make an adjustment for military communities. For example, to develop comparable databases for non-military and military communities, the income data for military communities would have to be adjusted upward to include items such as the housing allowance and medical care that Soldiers receive. Since this is not done, retailers receive a false read on military communities and, often, elect not to invest.

To counteract this, Killeen purchases a report to determine the anticipated pattern of retail spending for its trade area. The trade area is defined as an area bounded by Lampasas to the west, Youngsport to the south, almost to Belton to the east, and almost to Gatesville to the north. The report is based on a proprietary model that estimates retail spending potential based on population, income, and consumer spending patterns. The end product determines the extent to which the community is, or is not, capturing the sales potential based on retail sales data published by Claritas, industry accepted, private, demographic and data vendor.

The report calculates the potential sales and the estimated actual sales for the trade area and for the sixty-three retail product sectors.

Retail sectors in which spending are not fully captured in the trade area is called "leakage." Retail categories in which more sales are captured than are generated by residents in the trade area is called "surplus." A comparison of the three reports that have been completed is instructive.

The 2010 report indicated that Potential Sales in the trade area were \$2.391 billion. Estimated Actual Sales were \$1.122 billion. Leakage amounted to \$1.268 billion (or 53% of Potential Sales). Of the 52 individual product sectors included in the report, leakage was reported in 50.

The 2012 report indicated that Potential Sales in the trade area were \$2.442 billion. Estimated Actual Sales were \$1.426. Leakage amounted to \$1.016 (or 42% of Potential Sales). Of the 56 individual product sectors included in the report, leakage was reported in 52.

The 2014 report indicated that Potential Sales in the trade area were \$3.990 billion. Estimated Actual Sales were \$1.514 billion. Leakage amounted to \$1.514 billion (or 62% of Potential Sales). Leakage was reported in all product sectors.

These reports lead one to some logical conclusions. The most obvious conclusion being that pent-up retail demand continues to grow in the region. Moreover, pent-up demand is likely to continue to do so despite anticipated staffing adjustments at Fort Hood. It should also be evident that strategic retail sales growth represents a real economic development opportunity for the region (The Future of Retail Trade, n.d., 1-14).

According to J. Craft (personal communication, March 28, 2016):

In analyzing the impact of the reduction of 3,350 troops stationed at Fort Hood and the affects the reduction may have on the Killeen Independent School District, remains difficult to project the implications of districts growth. The KISD serves an area that stretches across 400 miles and includes Killeen, Fort Hood, Harker Heights, and Nolanville. The Killeen Independent School District continues to serve just fewer than 43,000 students currently and is projected to have approximately 44,000 students enrolled to begin the 2016-2017 school years. This represents an annual growth rate slightly exceeding 1%. The anticipated growth rate of the continued population growth in the region, despite the force reduction at Fort Hood, will dictate the need for additional elementary and middle schools and potentially another high school in the southwest area of the district. In 2012, the non-federally connected student population surpassed the federally combined population and this trend has remained since.

According to the latest Impact Aid survey data, the district is now hovering at approximately 45% federally connected.

While dropping below 50% federally-connected does not create an immediate cause for concern as a result of the Reauthorization of the Every Student Succeeds Act (ESSA) in 2016, other variables do appear to be at play that does create cause for concern. In visiting with the Fort Hood Family Housing, and through the analysis of our latest Impact Aid Survey information, it appears that military families with school-aged children living on-post will be expected to continue to decline. This remains an important part of the Heavy Impact Aid Program formula, which we will continue to monitor carefully. We also have nine campuses residing on post which has experienced underutilization over the course of the past several years. While we continue to grow as a district, maximizing efficiencies across all 52 campuses will remain a priority (J. Craft, personal communication, March 28, 2016).

According to J. Craft (personal communication, January 28, 2016),

another variable to take into consideration pertains to how the Army reduces the 3,350 soldiers on post. For example, our demographer would typically use the following formula to estimate the impact.

Current Troop strength = 39,400

Military students per Impact Aid survey = 16,667

Civil Service students per Impact Aid survey = 3,266

Military students per troop strength rate = $16,667/39,400 = 0.423$

On average, a 2,000 drop in troop strength would yield a drop of 846 students

On average, a 3,350 drop in troop strength would yield a drop of 1,417 students.

This sort of rate technique has not been very reliable. However, it is important to note that in the past when this type of calculation was applied to estimate the impact of troop strength changes on enrollment numbers, this sort or rate technique hasn't been very reliable. This is primarily due to how the Army reduces its numbers as well as the timing of the reductions. A high number of single soldiers with no children will have less of an impact than those with children. The KISD demographer typically plans to realize an effect of half of what the average estimates yields for starters.

In essence, the loss of "Heavy Impact Aid" status would ultimately result in the district losing significant funding (upwards of \$20 MM) once the hold harmless provisions of the law expire. The loss of this funding could likely result in the downsizing of programs and personnel necessary to support the various programs we are currently able to provide students (J. Craft, personal communication, March 28, 2016).

One of the remaining questions for the district remains, where is the growth coming from and how will it be sustained in the future? We have engaged in numerous conversations, and we have concluded that the accessibility to I-35 Northbound and Southbound via Hwy. 190 (soon to be designated I-14) as well as Hwy. 195 to Tollway 130 at Georgetown has significantly increased accessibility to West Bell County. This increased accessibility coupled with a lower cost of living in Harker Heights, Killeen, Nolanville, and other surrounding areas makes the commute to neighboring communities not only feasible but also attractive. While this is merely a hypothesis at this point, we have seen some students whose parents work in neighboring cities while commuting to and from housing within our district boundaries.

According to M. Van Valkenburg (personal communication, February 22, 2016),
the Killeen-Fort Hood Regional Airport (KFHRA) is the aviation hub for the city of Killeen and the immediate surrounding communities in the Central Texas region. Opened in

2004, KFHRA has enjoyed unqualified success growing to 230,000 enplanements in 2010. Ironically, this steady gain in enplanements closely mirrored the massive deployment cycles aligned with Fort Hood soldier deployments. During this time, much of the Airport traffic can be attributed to soldiers returning to the Killeen area on leave and then departing with their families on vacation packages before returning to their theaters of operation worldwide.

Starting in 2012, the Airport has experienced a steady decrease in enplanements. This decline can be attributed to (1) the loss of soldiers from Fort Hood, (2) the decrease in deployments from Fort Hood, (3) the rise in airfares, and (4) airport competition in Austin.

The drawdown in soldiers and programs at Fort Hood directly correlates to the lessening of enplanements at the Killeen-Fort Hood Regional Airport (KFHRA); however, this decrease in enplanements is also due to the indirect impacts of the force reduction of soldiers.

According to M. Van Valkenburgh (personal communication, March 22, 2016) the indirect impacts include:

1) Family travel. The soldiers and their families make up a significant portion of Killen and the regional community. Approximately 70% of the soldiers stationed at Fort Hood reside off post; additionally, the average soldier has a statistical family average of four persons. As the area loses soldiers, it also loses the family members who support the soldier, and this affects travel from the KFHRA. In addition to the immediate family, fewer relatives are traveling to or from the Killeen area to visit those military families. The loss of relatives traveling to see or be near the soldiers includes parents, grandparents, aunts, uncles, brothers, sisters, etc., who are no longer using the Airport. Thus, the drawdown in soldiers has a direct and indirect family effect on the enplanement loss of the KFHRA.

2) The loss of soldiers at Fort Hood has led to changes in mission, which have begun a curtailment in various programs and projects on the Post. These “cut backs” result in the loss of contractors and therefore contractor travel to and from the area. This has not only contributed to the decline of passengers at KFHRA but has directly impacted the revenue generated by the Airports businesses.

Through the planned Army Force Reduction Program, Fort Hood is slated to lose an additional 3,350 soldiers, which could mean up to a loss of 12,000 persons from the community. This is a substantial reduction in the community and given the multiplier effect for relative and contractor travel could have a significant impact on KFHRA. The KFHRA is an enterprise fund, meaning the Airport is a stand-alone business, which derives revenue directly through its operations. Therefore, the losses in enplanements have a direct impact on the revenue the Airport generates in which to operate. The Airport can make a direct correlation between its loss of passengers and its loss of revenue in its various lines of business. Fewer passengers mean fewer customers for the concessions, which results in a decline in concession revenue, for both the vendor and the Airport. Correspondingly, as an example, the KFHRA has seen reduced parking lot revenue, car rental revenue, retail revenue, and fuel sales revenue. How this affects the Airport is palpable. With less revenue, it is more difficult to fund projects for facility upkeep, plan for capital projects, provide maintenance, and meet payroll. Also, the loss directly affects federal funding received by the Airport, which is directly based on the number of annual enplanements at the facility. The decline in enplanements directly impacts airlines and air service. When seats are not being filled, airlines have a choice of either raising fares to ensure they attain a profitable yield on each flight or to curtail the number of flights into a given market. The KFHRA has experienced examples of both; within the market, all airlines have raised fares to adjust for the decline of passengers on the aircraft and they have reduced flights due to the lack of total people flying from the Airport.

The “bottom line” is the force reduction and loss of soldiers has a quantifiable and verifiable operational and financial effect on the KFHRA.

Van Valkenburgh’s Aviation Long-Range Vision

The KFHRA is an enterprise fund. Thus, to be able to be financially sustainable, it must diversify its economic and business base to include activities other than aviation. While additional air service will always be one of the Airport’s priorities, the key to success will be land acquisition, which will permit the airport to expand its business interests.

The Airport currently sits on ±84.5 acres under lease from Fort Hood and owns fee simple an adjacent ±4.5 acres. For both future commercial and aviation development, KFHRA needs to acquire an additional 250 acres for Airport business and economic diversification. This land potentially would be used for hotel, retail, professional commercial, and aviation purposes to ensure the future financial stability of the Airport. This land is part of the Fort Hood military reservation and would need to be purchased by the Airport or conveyed to the City (Airport).

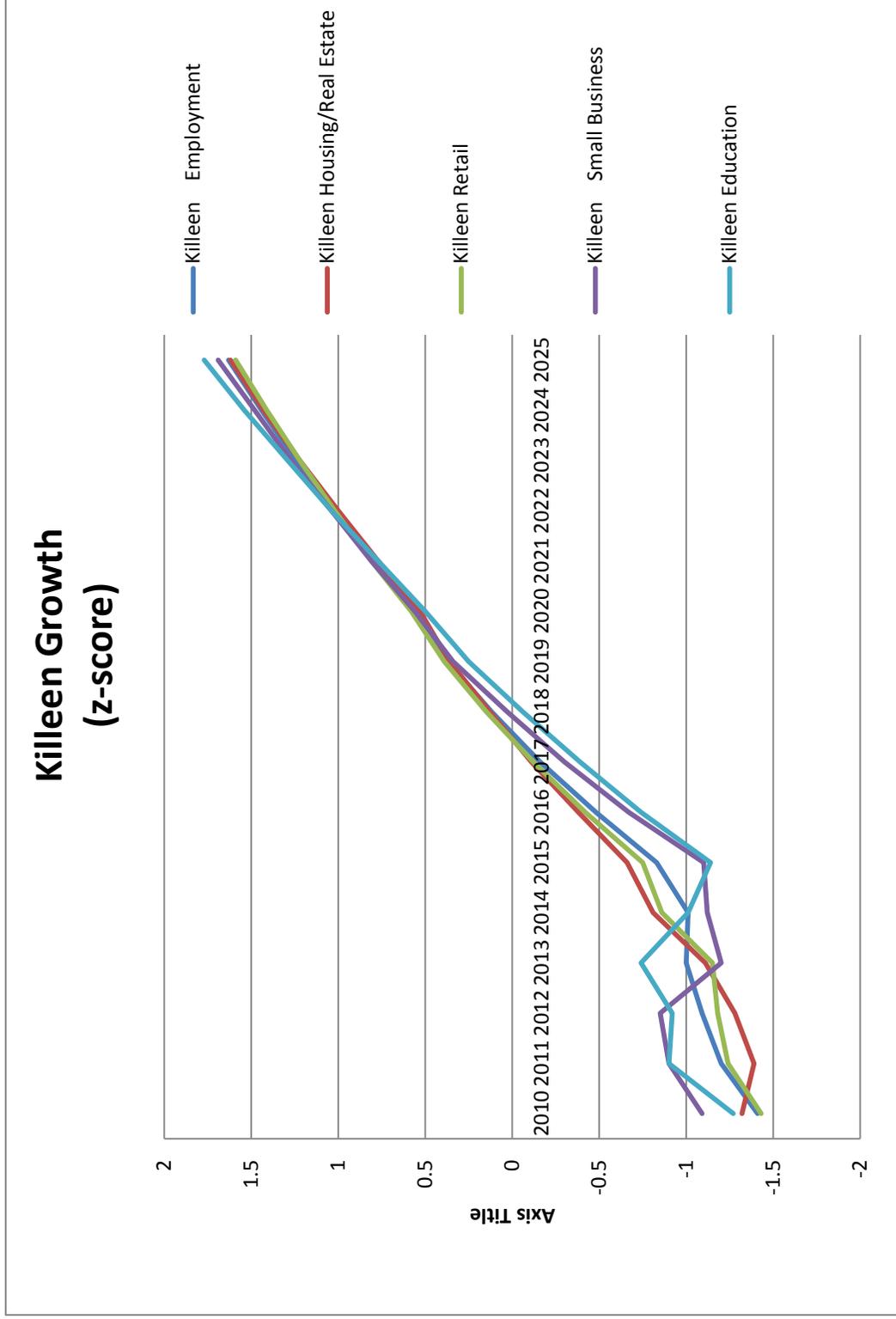
There has been considerable talk and planning completed for the development of a second runway at Robert Gray Army Airfield (RGAAF). Realistically, for a second runway to be considered at RGAAF, it would need to come through a finding from a base realignment and closure commission. However, a second runway would greatly benefit the commercial operations for KFHRA. For the KFHRA, it would open opportunities for more general aviation flights in and out of the airfield, it would promote general aviation infrastructure at the airfield, it would open business opportunities for the Airport, both aviation, and commercial, thus, creating greater possibilities for cargo operations (M. Van Valkenburgh, personal communication, March 22, 2016).

Table 7: Killeen Growth

Year	Killeen		State		Killeen		State		Killeen		State	
	Employment	Employment	Housing/Real Estate	Housing/Real Estate	Retail	Retail	Small Business	Small Business	Education	Education	Education	Education
2010	36,834	10,182,156	370	136,897	3,692	937,728	6,139	2,115,766	6,411	843,022	6,411	843,022
2011	37,421	10,422,296	366	139,752	3,729	961,279	6,205	2,165,223	6,636	841,386	6,636	841,386
2012	37,757	10,727,644	372	144,382	3,741	988,939	6,224	2,234,460	6,621	837,678	6,621	837,678
2013	38,018	11,031,906	381	150,046	3,747	1,011,901	6,102	2,296,061	6,734	845,672	6,734	845,672
2014	37,966	11,375,444	397	153,959	3,805	1,040,975	6,130	2,374,690	6,566	860,849	6,566	860,849
2015	38,478	11,585,338	405	156,456	3,825	1,060,164	6,137	2,419,551	6,493	875,902	6,493	875,902
2016	39,502	11,902,706	420	161,464	3,891	1,081,876	6,285	2,481,704	6,731	908,694	6,731	908,694
2017	40,395	12,177,732	434	165,883	3,949	1,100,811	6,413	2,534,599	6,945	938,084	6,945	938,084
2018	41,199	12,423,131	447	169,838	4,002	1,117,798	6,527	2,581,157	7,142	964,985	7,142	964,985
2019	41,935	12,646,635	459	173,418	4,050	1,133,345	6,631	2,623,119	7,327	990,045	7,327	990,045
2020	42,498	12,812,919	468	175,995	4,088	1,145,111	6,709	2,653,162	7,478	1,010,312	7,478	1,010,312
2021	43,169	13,037,311	481	179,294	4,132	1,161,584	6,794	2,695,667	7,645	1,034,629	7,645	1,034,629
2022	43,803	13,247,155	493	182,352	4,174	1,177,005	6,875	2,735,164	7,804	1,057,815	7,804	1,057,815
2023	44,404	13,443,816	505	185,187	4,213	1,191,478	6,953	2,771,940	7,958	1,079,965	7,958	1,079,965
2024	44,974	13,628,559	516	187,818	4,250	1,205,097	7,026	2,806,258	8,105	1,101,167	8,105	1,101,167
2025	45,516	13,802,622	526	190,264	4,286	1,217,951	7,097	2,838,388	8,248	1,121,513	8,248	1,121,513

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

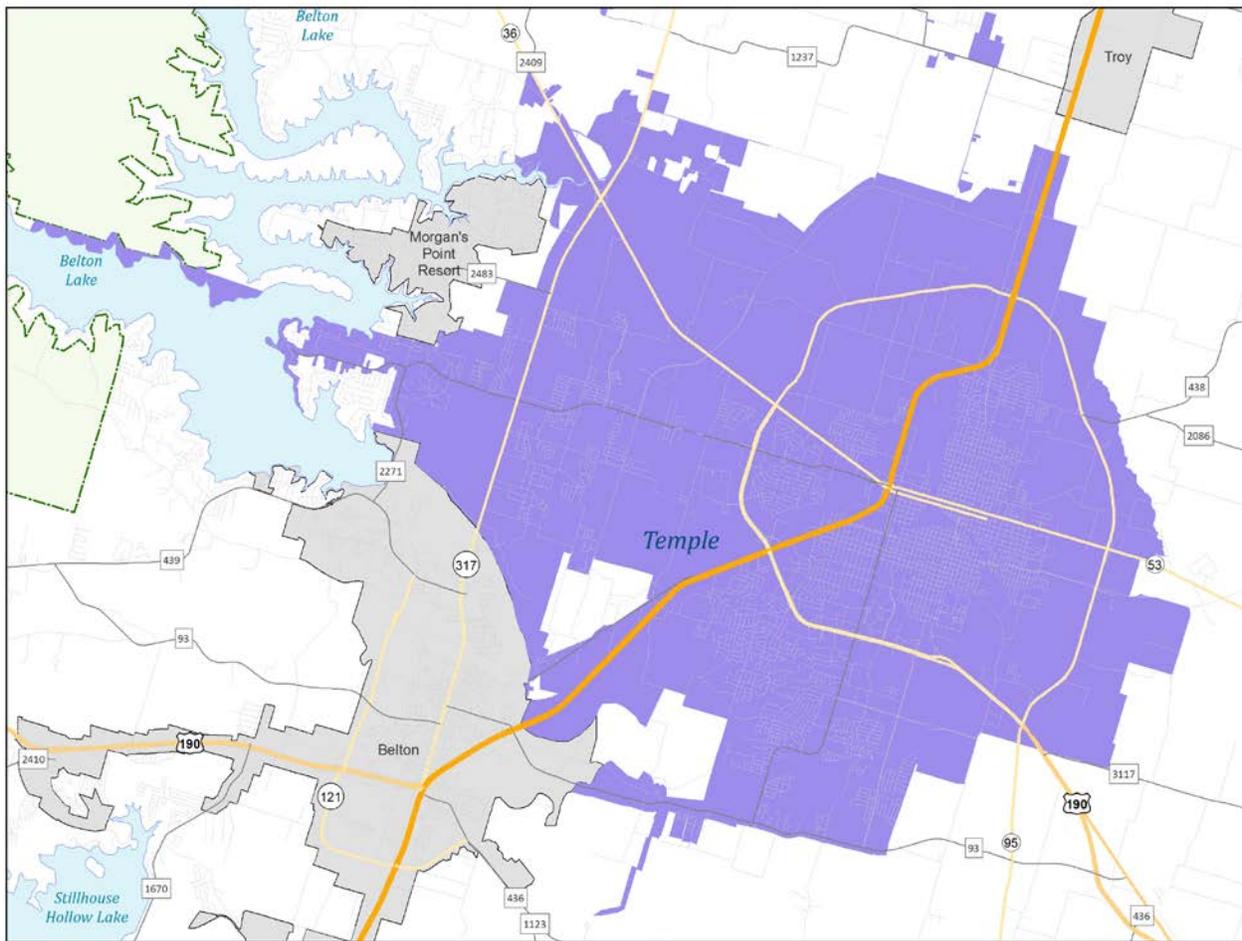
Figure 9: Killeen Growth**



c. Temple

Temple is a city in Bell County, Texas and the city lies in the region referred to as Central Texas and is also considered a principal city in the Killeen-Temple-Fort Hood MSA. Temple is the second largest city in the region and is located just off Interstate 35 near the county seat of Belton, and 65 miles north of Austin and 34 miles south of Waco. (See MSA Map)

Figure 10: Map of Temple



Source: KTMPO

The 2010 census put Temple's population at 66,102, an increase of more than twenty percent from the 2000 census. Estimates in 2014 show 70,765. The primary economic drivers are the extensive medical community and goods distributions based on its central location and proximity to larger cities. In the year, 2016 estimates have placed the population around 78,000 ("United States Census," n.d.).

According to D. Blackburn (personal communication, March 16, 2016.),

Temple's economy is diverse, mature and growing. The industry sectors include health care, transportation logistics, and manufacturing. Furthermore, the primary industry is health care and is based on the presence of Baylor Scott & White and the Central Texas Veteran's Health Care System in Temple.

Baylor Health Care System, based in Dallas, Texas and Scott & White Healthcare, based in Temple, Texas, have formed a new organization that combines the strengths of their two nationally recognized health systems. Now representing the largest not-for-profit health care system in Texas, and one of the leading healthcare systems in the United States, Baylor Scott & White Health was born from the 2013 combination of Baylor Health Care System and Scott & White Healthcare.

Baylor Scott & White now provides health care services to adjacent regions of Texas with a service area that is in the heart of the 'Texas Triangle', a geographic region that has a population base of close to 18,000,000. Baylor Scott & White now includes 41 hospitals, more than 950 patient care sites, more than 6,600 affiliated physicians, 40,000+ employees and the Scott & White health plan. Headquarters for Baylor Scott & White Health is located in Temple and includes two major hospitals, the system's primary diagnostics clinic, and a health plan. Approximately, 8,000 Baylor Scott & White employees are based in Temple.

According to the U.S Department of Veteran Affairs (2016), Temple's healthcare sector also includes the Central Texas Veterans Health Care System (CTVHCS), one of the largest integrated healthcare systems in the United States and provides a full range of services including medical/surgical hospital beds, a hospice unit, and community living center (CLC) beds. CTVHCS serves a Veteran population of more than 252,000, covers 35,243 square miles and eight congressional districts in 39 counties.

The Olin E. Teague Veterans' Medical Center in Temple is a tertiary care facility. The tertiary care facility is also a teaching medical center, providing a full range of patient care services, with state-of-the-art technology as well as education and research. Comprehensive health care is

provided through primary care, tertiary care, and long-term care in areas of medicine, surgery, psychiatry, physical medicine and rehabilitation, neurology, oncology, dentistry, geriatrics, and extended care. The Temple campus also includes a 408-bed Domiciliary and a 160-bed State Veterans Home. The Temple medical center is the only VA campus in Texas with an Emergency Room that operates around the clock (“Central Texas Veterans,” 2016, para 1, 4).

Temple’s other primary industry sectors, transportation logistics and manufacturing, are significant contributors to the regional economy. Temple has four businesses and industrial parks. Temple’s North Industrial Park is a ‘legacy’ industrial park with over 40 businesses and industries. These companies include the manufacturing facilities Wilsonart (laminates) and Pactiv (food packaging). It also includes distribution and logistical service centers for Walmart, HEB, and McLane. In retrospect, the North Industrial Park alone has accounted for almost 14,000 jobs with a gross regional product output of over \$2,000,000,000.

Additionally, a new natural gas-fired power generation plant has opened in the City’s southeast industrial park. The Panda Temple Power Project is a clean natural gas-fueled, 1,500-megawatt combined cycle facility. The Temple power plant can supply the power needs of up to 750,000 homes and represented an investment of approximately \$1.6 billion into the Central Texas economy (Panda Temple Power Project, 2006).

Overall, Temple has seen an 11% increase in jobs over the past decade, going from 50,419 in 2005 to 55,997, in 2015. Based on industry forecasts, these numbers are projected to increase by approximately 15% over the next ten years to just fewer than 64,000. These figures also indicate that Temple is the region’s job hub.

Other economic indicators for Temple support a healthy and diverse economy. For example, sales tax revenue to the City of Temple has shown good, steady growth over the past decade. In the previous five years, the average annual growth in sales tax has been around seven percent. The presence of new retail and food services has been a contributing factor to the increase in sales tax revenue.

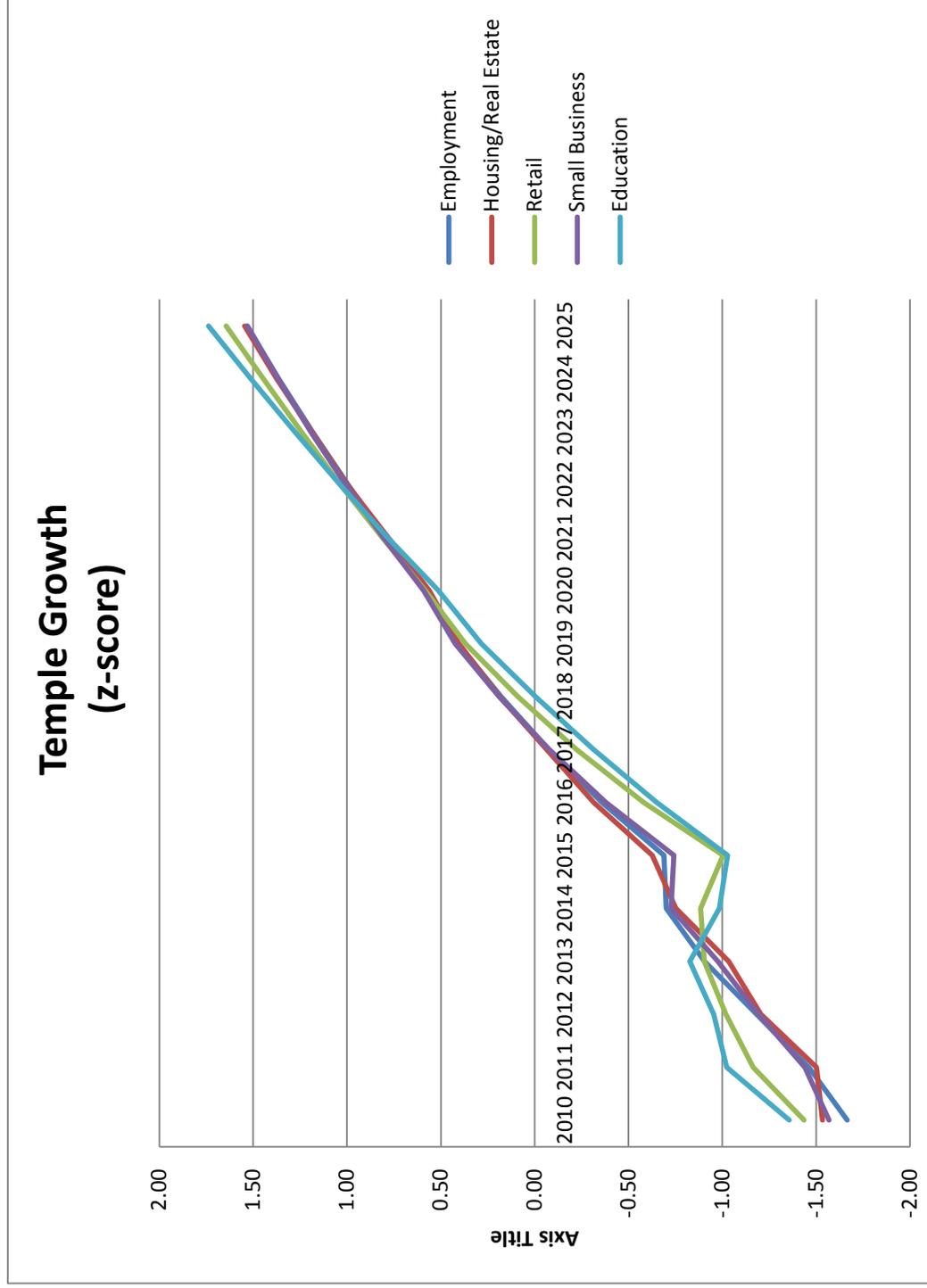
Given the diversity and depth of the Temple economy, the drawdown of approximately 3,350 military personnel from Ft. Hood is not likely to produce any significant impact on the Temple economy.

Table 8: Temple Growth

Year	Temple		State		Temple		State		Temple		State	
	Employment	Employment	Housing/Real Estate	Housing/Real Estate	Retail	Retail	Small Business	Small Business	Education	Education	Small Business	Small Business
2010	37,254	10,182,156	365	157,470	4,483	1,177,707	6,863	2,281,759	1,907	801,831		
2011	37,974	10,422,296	367	160,910	4,535	1,204,369	6,946	2,333,240	1,975	797,946		
2012	38,954	10,727,644	386	166,292	4,563	1,235,979	7,106	2,404,857	1,989	791,326		
2013	39,932	11,031,906	397	172,532	4,585	1,267,554	7,247	2,469,758	2,015	796,888		
2014	40,657	11,375,444	415	177,197	4,589	1,302,598	7,409	2,550,066	1,983	809,057		
2015	40,701	11,585,338	423	180,254	4,566	1,331,126	7,399	2,600,188	1,974	822,610		
2016	41,863	11,902,706	443	185,859	4,647	1,357,255	7,633	2,667,560	2,051	853,260		
2017	42,868	12,177,732	459	190,817	4,716	1,379,843	7,830	2,725,130	2,120	880,844		
2018	43,761	12,423,131	475	195,260	4,776	1,399,942	8,002	2,775,937	2,183	906,162		
2019	44,571	12,646,635	489	199,286	4,830	1,418,203	8,155	2,821,817	2,242	929,797		
2020	45,189	12,812,919	499	202,184	4,871	1,431,570	8,264	2,854,807	2,289	949,033		
2021	45,936	13,037,311	513	205,960	4,915	1,451,547	8,402	2,901,059	2,344	971,957		
2022	46,642	13,247,155	527	209,461	4,958	1,470,141	8,532	2,944,067	2,396	993,858		
2023	47,310	13,443,816	539	212,708	4,998	1,487,496	8,653	2,984,139	2,445	1,014,820		
2024	47,943	13,628,559	551	215,721	5,037	1,503,734	8,766	3,021,556	2,493	1,034,922		
2025	48,546	13,802,622	562	218,525	5,075	1,518,973	8,872	3,056,609	2,539	1,054,249		

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

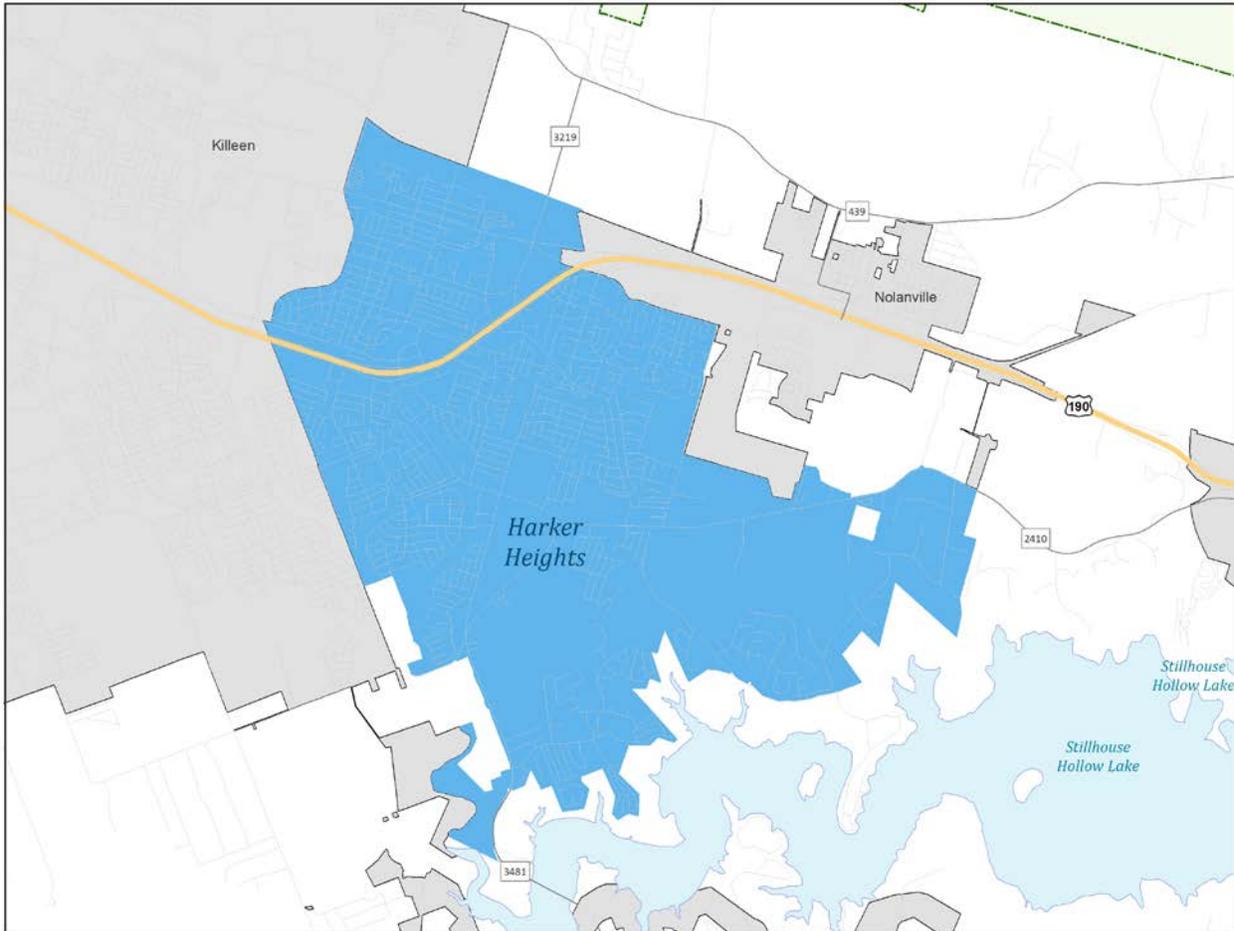
Figure 11: Temple Growth**



d. Harker Heights

Harker Heights is a small city in Bell County, Texas and is landlocked by the neighboring cities of Belton, Killeen, and Nolanville. (See Map Below)

Figure 12: Map of Harker Heights



Source: KTMPO

As of the 2010 Census, there were 26,700 residents in Harker Heights, up from a population of 17,308 in 2000. The 2014 population estimate is at 28,526 and makes Harker Heights the third largest city in Bell County, after Killeen and Temple (“United States Census,” (n.d.). The population is heavily engaged in economic activities directly or indirectly related to the U.S. Army at Fort Hood.

The City currently encompasses over 15 square miles, while the Extra Territorial Jurisdiction includes an additional 10 square miles of property with limited development

potential. As such, the growth of the City has been historically positive, but the amount of growth has started to decline in the last five years. Part of this decline in the growth rate was due to the impact of the national economy tied to the housing bust in the early part of 2010. The majority of the reduction in the growth rate was predictively linked to the attrition of large lots available for commercial development. The City is approaching the threshold of having developed all of the remaining larger lots and economic growth will soon start to focus on infill development and redevelopment.

The City staff is well aware of this trend and has taken measures to address issues related to the situation. As previously mentioned, this decline in growth was anticipated and is part of the natural progression of the city as it reaches the limits of its growth potential. For instance, the City is now prepared for the decline from the explosive retail growth that was experienced in the past; the further impacts of a minimal force reduction at Fort Hood should not significantly affect the retail market in Harker Heights or the City's strategies for future retail development.

According to J. Ballantyne (personal communication, March 15, 2016),

The Military Child Education Coalition (MCEC) is a nonprofit organization headquartered in Harker Heights. Almost exclusively former service members and spouses of active or former service members staff MCEC. Their mission is to ensure comprehensive, quality educational opportunities for all military and veteran-connected children affected by mobility, family separation, and transition. The MCEC provides programs, services, and products to the greater Fort Hood area as well as across the United States and overseas. The long-range vision of MCEC (2014) is:

- That every military and veteran connected child is college, workforce and life ready.
- That the policies, procedures, and resources are in place and sustainable to support all military veteran connected children

with the educational journey on an equal footing with their children counterparts.

- That Military Student Identifier data, as required by the federal Every Student Succeeds Act of 2015, informs local, State and Federal education policy, procedures and resource allocation in support of military-connected children across our local education agencies (school districts).
- While MCEC serves all the local school districts, Killeen Independent School District (KISD), being the district with the highest concentration of military-connected children (46%), received the most support from MCEC. To illustrate, over the period 2014-2016, MCEC delivered over \$2,000,000 worth of program services.

For example:

- Student Programs-\$145,000
- 9 KISD Elementary Schools trained in eS2S
- 11 Middle Schools trained in JS2S
- 2 High Schools trained in S2S
- 2 High Schools represented at MCEC National Training Seminar

Professional Development-\$236,000

- 12 Professional Development Institutes with KISD Staff Parent attendees

Parent Education-\$250,000

- 280 Parent-to-Parent workshops with 5,250 KISD Parent attendees.

Tell Me A Story-\$9,000

- 6 Family Literacy Events with more than 250 KISD families in attendance.
- Military Student Transition Consultants (\$1.4M DoDEA funded contract with KISD)

- MSTCs provided one-on-one support to over 29,600 students, parents, school personnel, community members, and installation representatives by addressing a problem, challenge or need (p.1-2).

According to J. Molis (personal communication, March 28 2016),

Housing in Harker Heights has remained steady and consistent for the last five years, as the City has continued to grow and expand. The City felt the effects of the housing bubble in 2011 but bounced back quickly in 2012. Last year the City saw the largest housing growth since the mid-2000's (before the housing bust) and this year has started slower but is still steady. Harker Heights has three major subdivisions under construction with three more starting the platting process and an anticipated development start by the end of this year. With construction beginning in 2016, the City is building the first apartment complex in over two decades. The City has also maintained a relatively steady ratio of rental to owner-occupied housing units, and the market has diversity of units available and under development

Figure 13: Harker Heights Cumulative Single Family Trends

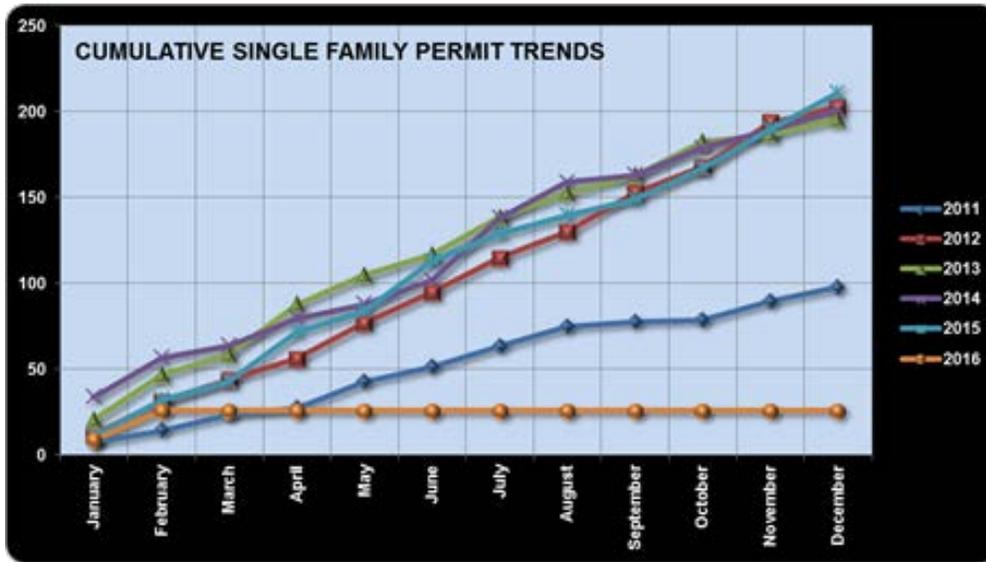


Figure 14: Harker Heights Cumulative Duplex Permit Trends

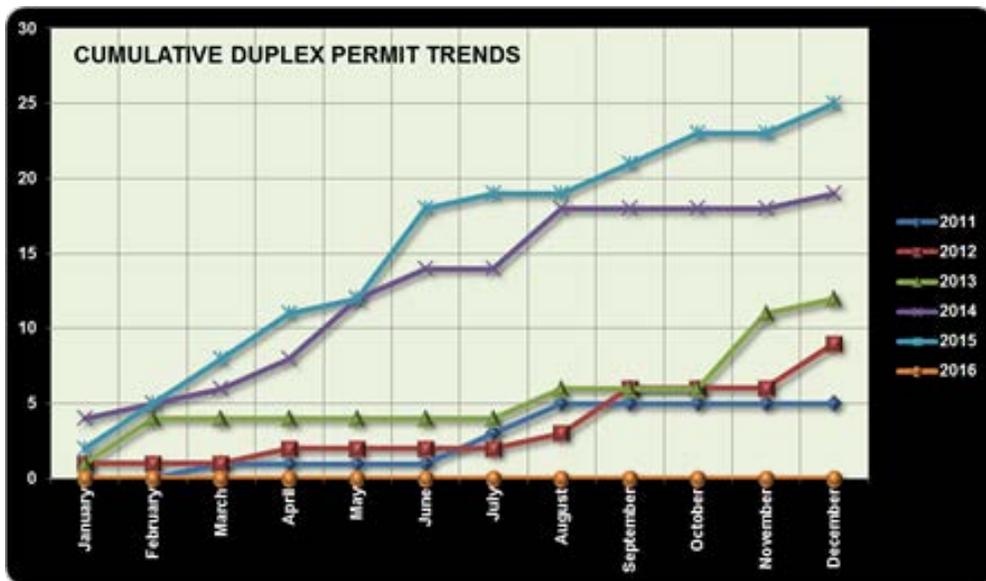
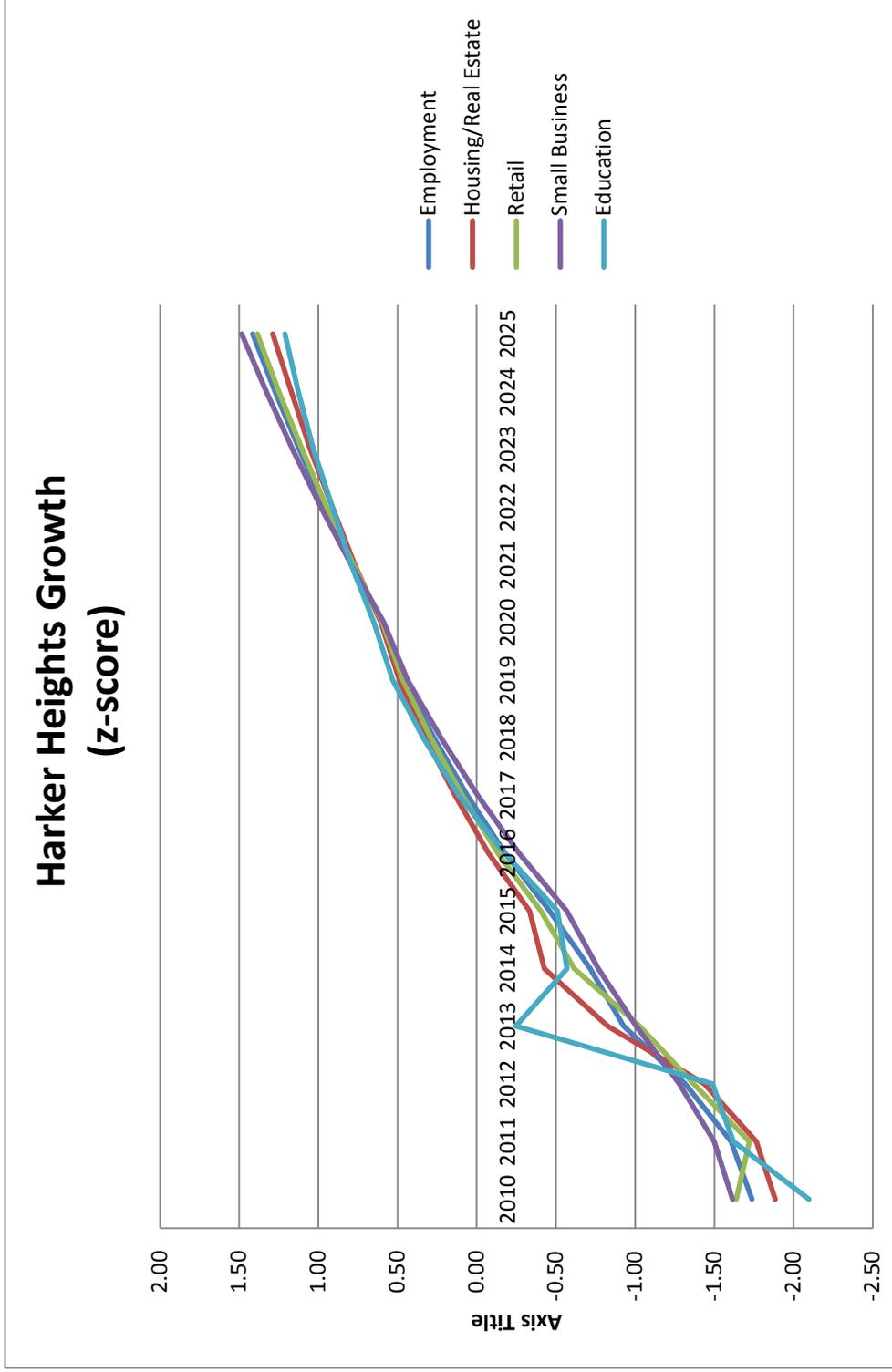


Table 9: Harker Heights Growth

Year	Harker Heights Employment		State Employment		Harker Heights Housing/Real Estate		State Housing/Estate		Harker Heights Retail		State Retail		Harker Heights Small Business		State Small Business		Harker Heights Education		State Education																					
	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State	Harker Heights	State																				
2010	8,731	10,182,156	299	452,118	1,457	1,112,599	1,269	1,772,267	161	801,831	201	797,946	212	791,326	316	796,888	289	809,057	294	822,610	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249
2011	8,880	10,422,296	304	462,245	1,443	1,139,575	1,286	1,810,864	201	797,946	212	791,326	316	796,888	289	809,057	294	822,610	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249		
2012	9,208	10,727,644	318	476,536	1,503	1,170,749	1,318	1,865,654	212	791,326	316	796,888	289	809,057	294	822,610	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249				
2013	9,646	11,031,906	344	491,533	1,561	1,201,729	1,358	1,914,436	316	796,888	289	809,057	294	822,610	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249						
2014	9,885	11,375,444	361	506,997	1,631	1,236,321	1,393	1,977,866	289	809,057	294	822,610	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249								
2015	10,175	11,585,338	365	511,094	1,667	1,264,648	1,422	2,021,581	294	822,610	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249										
2016	10,492	11,902,706	376	523,055	1,713	1,289,213	1,466	2,076,484	322	853,260	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249												
2017	10,762	12,177,732	385	532,964	1,751	1,310,476	1,504	2,123,740	346	880,844	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249														
2018	11,000	12,423,131	393	541,512	1,785	1,329,405	1,538	2,165,642	365	906,162	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249																
2019	11,214	12,646,635	400	549,095	1,815	1,346,618	1,569	2,203,595	381	929,797	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249																		
2020	11,367	12,812,919	405	554,209	1,837	1,359,263	1,591	2,231,175	391	949,033	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249																				
2021	11,581	13,037,311	412	561,710	1,868	1,378,312	1,621	2,269,370	403	971,957	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249																						
2022	11,778	13,247,155	418	568,628	1,897	1,396,045	1,649	2,304,935	413	993,858	423	1,014,820	431	1,034,922	438	1,054,249																								
2023	11,962	13,443,816	424	575,025	1,923	1,412,600	1,675	2,338,108	423	1,014,820	431	1,034,922	438	1,054,249																										
2024	12,133	13,628,559	429	580,950	1,948	1,428,091	1,699	2,369,119	431	1,034,922	438	1,054,249																												
2025	12,292	13,802,622	434	586,460	1,971	1,442,633	1,722	2,398,201	438	1,054,249																														

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

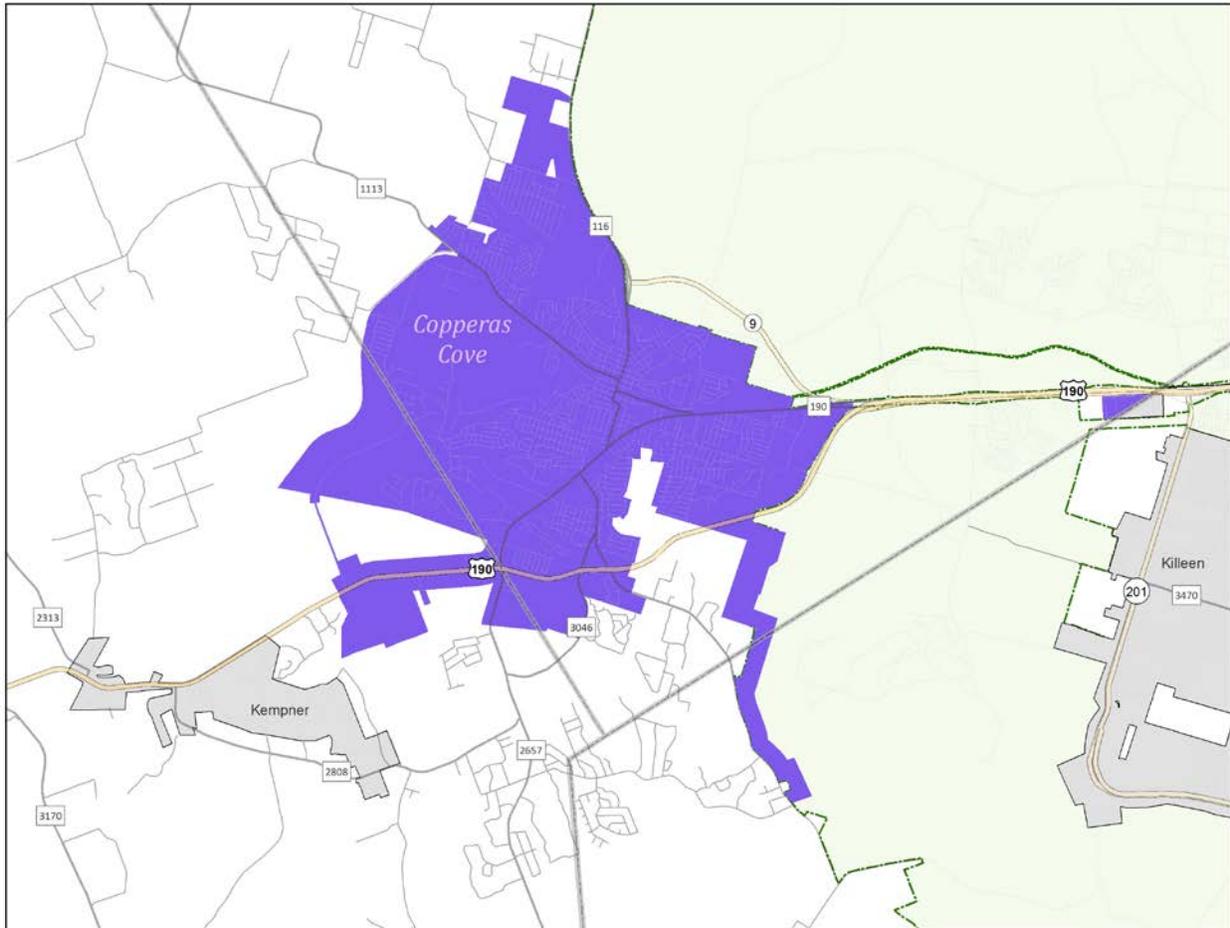
Figure 15: Harker Heights Growth**



e. Copperas Cove

Copperas Cove is a city located in central Texas at the southern corner of Coryell County, with city limits extending into neighboring Bell and Lampasas counties adjacent to the west side of Fort Hood.

Figure 16: Map of Copperas Cove



Source: KTMO

Copperas Cove is in Coryell County, with 32,032 residents as of the 2010 census and estimated 32,943 residents in 2014 (United States Census Bureau, n.d).

The City of Copperas Cove has experienced some difficult financial times over the past several years, however is proud to report the overall state of the City is strong. During the past eight years the City has seen a lot of changes. From a funding standpoint, the City watched Federal Earmarks erode, the State of Texas granted 100% property tax exemptions for qualifying

disabled veterans and surviving spouses, State Funding for many programs decreased over the years and the demands on many City services increased as the economic vitality changed and more people continue to migrate to Texas.

In the past, Federal Earmarks were used to fund many capital projects, such as roadway projects. Of the \$51M the new SE Bypass was estimated to construct, the City received \$1M in federal funds, \$42M in state funds and the balance and interest on the bonds are being covered by the taxpayers of Copperas Cove. The City's contribution was approximately \$13M, including interest.

The State Legislature determined that the property tax exemption approved for 100% disabled veterans to have no financial impact to the cities because the State only considered the impact to itself. Property taxes provide the funding for needed basic City services, to include Police and Fire protection, Library services, code compliance, parks maintenance, recreational programs and many general government services. During the 2015 session of the Texas Legislature, Senator Fraser and Representative J.D. Sheffield sponsored and introduced legislation that provided relief to the communities in the State. As a result of the legislation, Copperas Cove is expected to receive \$470,000 from the State's Surplus funds.

Larger Army Force Reductions in our area have the potential to cause more residential vacancies, as well as an increase in foreclosures in an already high foreclosure environment. The number of disabled veterans will continue to grow in our nation, and retirees will continue to locate to Copperas Cove and the Central Texas region due to the proximity to Fort Hood, the Veterans Administration, the many hospitals, and the property tax exemptions.

The retail market is currently expanding with new businesses in the City of Copperas Cove. Taxable sales, however, have not increased at the same rate as the number of new businesses in the community. Additional retail development will occur in the next two years on the east side of the City while interest is growing for new retail developments on the west side of the

City. The number of small businesses has shown slow but steady growth. Extreme Force Reductions on Fort Hood has the potential to cause for a revision of local and government revenue, such as property, sales and franchise taxes, as well as customer charges pertaining to permits, water, drainage, sewer, solid waste, etc. The City of Copperas Cove would also anticipate loss of additional retail sales and possible smaller business closings with even minor reduction.

The City of Copperas Cove has experienced first-hand what force reductions and loss of military personnel and their families from the area can do to the community. Some examples were contractor reductions in the past, as well as soldier deployments to foreign countries since the 1960's for various conflicts.

The City of Copperas Cove provides a multitude of services to the citizens who live in and around the community. Community services are always a consideration when valuing quality of life. Often times these services are the last to be considered for funding and the first to be removed when revenues decrease. Recreational programs also often suffer along with a struggling economy, forcing entities to either increase program fees and/or reduce available services. Since 2011 the City of Copperas Cove has been reducing employee positions and using the RIF policy to support budget shortfalls. The decrease in personnel is often matched with a decrease in public services, which adversely affects the citizens of the community.

Table 10: Copperas Cove Tax History

Month	2012	2013	2014	2015	2016
Oct	174,116	209,611	200,755	219,180	212,240
Nov	189,684	225,075	203,045	212,327	210,096
Dec	264,438	277,280	281,095	298,390	
Jan	173,475	196,798	207,328	206,660	
Feb	220,587	211,587	214,168	217,443	
Mar	250,405	269,562	275,296	296,885	
Apr	193,040	199,394	231,369	220,524	
May	204,072	211,967	205,421	217,998	
Jun	239,217	252,748	255,017	278,037	
Jul	206,406	206,607	215,158	218,593	
Aug	220,376	205,662	221,935	230,163	
Sep	249,416	245,986	260,773	232,764	
Total	2,585,232	2,712,277	2,771,360	2,848,965	422,336

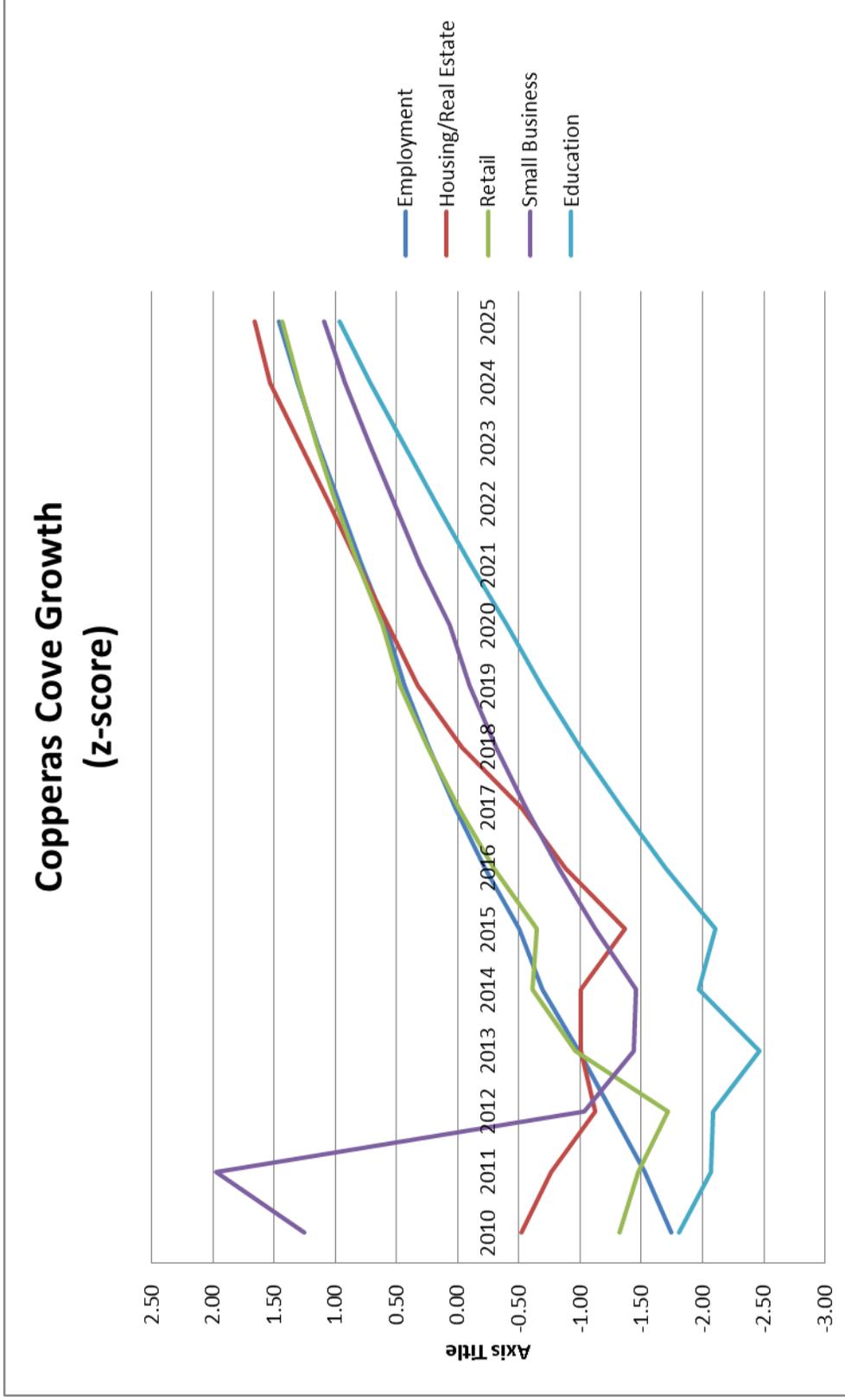
Source: City of Copperas Cove

Table 11: Copperas Cove Growth

Year	Copperas Cove Employment		Copperas Cove Housing/Real Estate		Copperas Cove Housing/Estate		Copperas Cove Retail		Copperas Cove Small Business		Copperas Cove Education	
	State	Employment	Cove	Housing/Real Estate	State	Housing/Estate	Copperas Cove	State	State	Small Business	State	Education
2010	36,834	10,182,156	90	136,897	938	1,153,728	1,457	2,195,597	1,207	801,831		
2011	37,421	10,422,296	88	139,752	924	1,180,334	1,516	2,246,134	1,186	797,946		
2012	37,757	10,727,644	85	144,382	902	1,211,638	1,270	2,316,820	1,184	791,326		
2013	38,018	11,031,906	86	150,046	970	1,242,714	1,237	2,380,443	1,153	796,888		
2014	37,966	11,375,444	86	153,959	1,002	1,277,402	1,236	2,459,814	1,194	809,057		
2015	38,478	11,585,338	83	156,456	999	1,305,193	1,263	2,505,865	1,183	822,610		
2016	39,502	11,902,706	87	161,464	1,031	1,330,982	1,287	2,571,077	1,216	853,260		
2017	40,395	12,177,732	90	165,883	1,057	1,353,277	1,309	2,626,634	1,245	880,844		
2018	41,199	12,423,131	94	169,838	1,080	1,373,131	1,329	2,675,598	1,273	906,162		
2019	41,935	12,646,635	97	173,418	1,100	1,391,176	1,347	2,719,753	1,299	929,797		
2020	42,498	12,812,919	99	175,995	1,113	1,404,426	1,360	2,751,404	1,322	949,033		
2021	43,169	13,037,311	101	179,294	1,131	1,424,106	1,380	2,795,805	1,346	971,957		
2022	43,803	13,247,155	103	182,352	1,147	1,442,432	1,397	2,837,072	1,369	993,858		
2023	44,404	13,443,816	105	185,187	1,162	1,459,543	1,414	2,875,505	1,391	1,014,820		
2024	44,974	13,628,559	107	187,818	1,175	1,475,561	1,430	2,911,378	1,413	1,034,922		
2025	45,516	13,802,622	108	190,264	1,187	1,490,602	1,444	2,944,970	1,434	1,054,249		

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

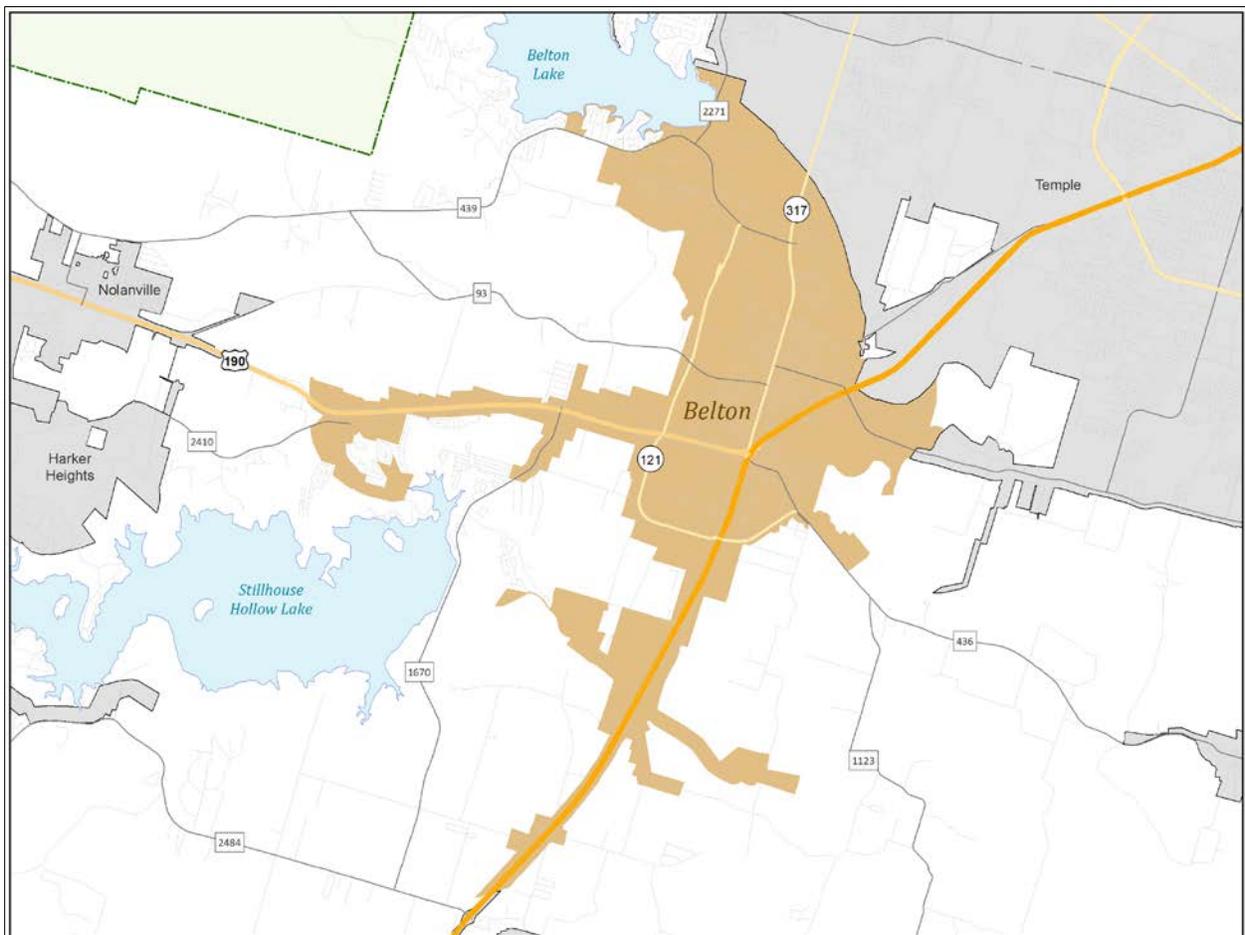
Figure 17: Copperas Cove Growth**



f. Belton

Belton is a city in Bell County, Texas. The 2010 census estimates Belton’s population at 18,216. The 2014 population was estimated at 20,128. Belton is well positioned within the MSA because the city is bisected by Interstate 35 and US 190 (soon to be I-14). Therefore the city captures a significant amount of growth due to the economic activity occurring along this corridor (Belton Economic Development Corporation, n.d). (See Figure 18)

Figure 18: Map of Belton



Source: KTMPO

The expanding retail base continues to show positive momentum. Job growth and population growth continue to occur in the region, particularly in the southern portion of the MSA.

According to the Catalyst Retail Analysis and Merchandizing Plan dated December 2011, as cited by E. Bandas (personal communication, February 18, 2016),

The population within Belton's Primary Trade Area is 64,024 residents as of the 2010 Census and is expected to grow at an annual rate of 2.4% over the next few years, over three times the national average of 7.6% and 1.25x Killeen-Temple-Fort Hood MSA's annual growth rate of 1.99%. The presence and students of the University of Mary-Hardin Baylor (UMHB) represent a significant source of demand for retail goods and services in Belton, with the student population expected to continue to grow in the coming years.

Belton is a proactive business friendly community. Belton's location is at the core of the Temple-Killeen-Ft Hood MSA and provides easy access to the estimated 400,000 people in the region. The military, government, medical/healthcare services, manufacturing/distribution, agricultural/agribusiness, retail trade and business IT consulting services are thriving industry sectors in the MSA that continue to be an important economic influence contributing to the growth and prosperity of Belton. The City holds the Bell County seat and is also home to manufacturing, advanced manufacturing, distribution, and business IT consulting companies such as Belco Manufacturing, American Spin Cast, Belltec, UPS, Frito-Lay, Harvest Technologies, and CGI to name a few.

Independent school districts in the Belton metro area are keeping pace with the growth experienced in the region. Over 10,343 students are enrolled in elementary and secondary schools with approximately 600 graduating from High School annually. Belton ISD is the premier school district in the area covering about 200 square miles in Bell County and employing over 1,400 high performing administration, faculty and staff; thus ranking as one of the largest employers in the region.

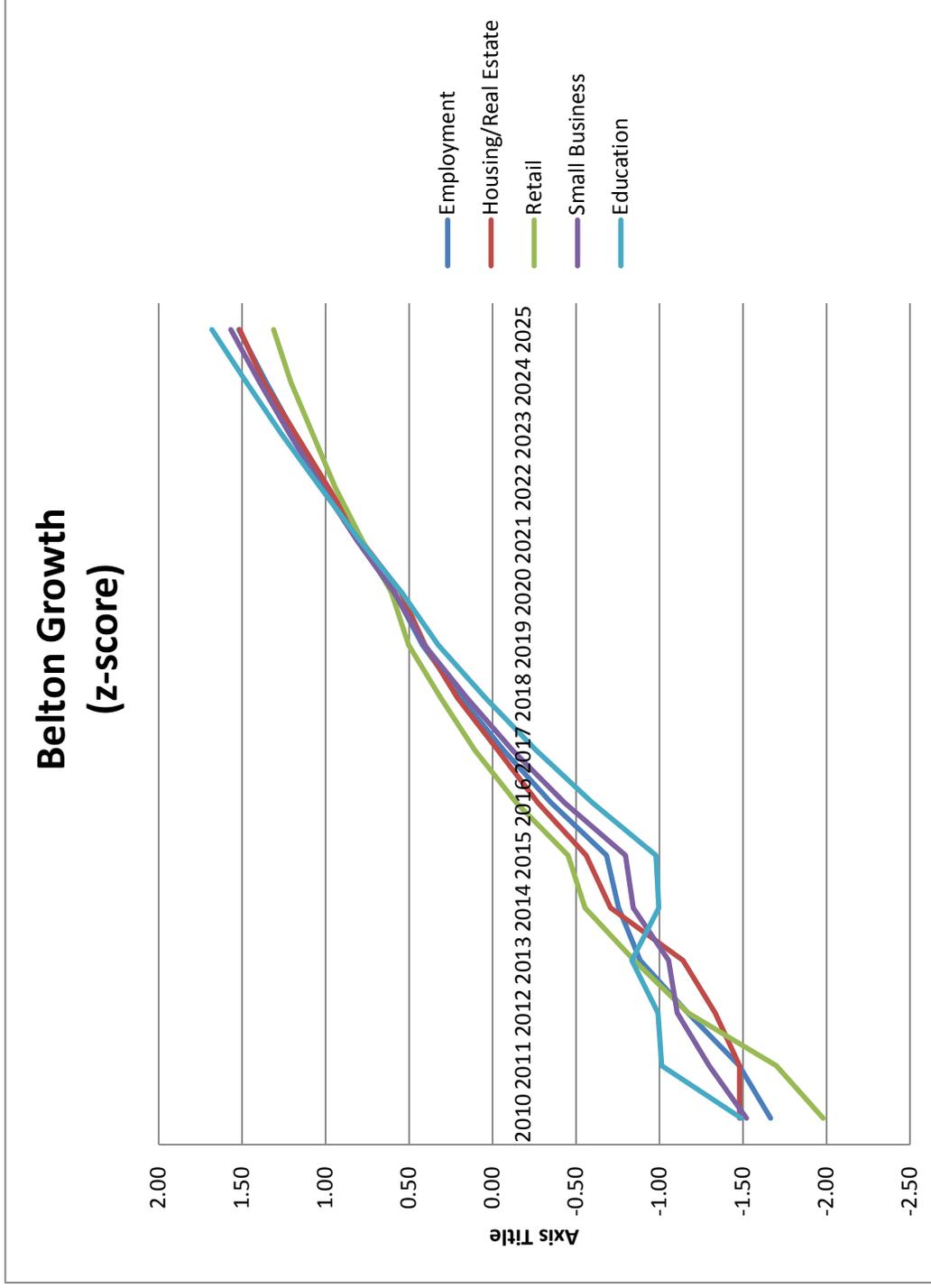
The Temple-Killeen-Ft Hood MSA is in the center of the Texas rapidly growing high-tech corridor between Austin and the Dallas/Ft. Worth area and the Texas Department of Transportation (TXDOT) continues to expand Interstate 35 through Central Texas. In this particular MSA, there is a commitment of \$2.6 billion dollars in construction projects anticipated to be completed by 2017. Belton is well situated at the crossroads of IH35 and U.S. Highway 190, within 180 miles of every major market in Texas. This crossroads of U.S. Highway 190 and IH35, within Belton city limits, is one of the projects being renovated with the insertion of a flyover to provide a seamless connection to the Killeen-Ft Hood area via West U.S. Highway 190 and gives Belton tremendous opportunities for economic growth well into the future.

Table 12: Belton Growth

Year	Belton Employment	State Employment	Belton Housing/Real Estate		State Housing/ Estate		Belton Retail		State Retail		Belton Small Business		State Small Business		Belton Education		State Education	
			Housing/Real Estate	Housing/ Estate	Housing/ Estate	Housing/ Estate	Retail	Retail	Retail	Retail	Small Business	Small Business	Small Business	Small Business	Education	Education	Education	Education
2010	12,247	10,182,156	132	182,225	811	782,176	2,266	2,386,281	1,491	801,831	2,266	2,386,281	1,491	2,386,281	1,491	801,831	1,491	801,831
2011	12,474	10,422,296	132	186,237	830	800,695	2,310	2,441,199	1,574	797,946	2,310	2,441,199	1,574	2,441,199	1,574	797,946	1,574	797,946
2012	12,846	10,727,644	135	192,451	866	823,802	2,348	2,517,821	1,578	791,326	2,348	2,517,821	1,578	2,517,821	1,578	791,326	1,578	791,326
2013	13,190	11,031,906	139	199,516	888	850,580	2,358	2,586,385	1,605	796,888	2,358	2,586,385	1,605	2,586,385	1,605	796,888	1,605	796,888
2014	13,346	11,375,444	148	205,269	908	877,199	2,400	2,671,403	1,577	809,057	2,400	2,671,403	1,577	2,671,403	1,577	809,057	1,577	809,057
2015	13,435	11,585,338	151	208,459	915	895,510	2,409	2,721,152	1,580	822,610	2,409	2,721,152	1,580	2,721,152	1,580	822,610	1,580	822,610
2016	13,836	11,902,706	157	214,598	936	913,241	2,481	2,792,285	1,646	853,260	2,481	2,792,285	1,646	2,792,285	1,646	853,260	1,646	853,260
2017	14,182	12,177,732	162	220,010	953	928,289	2,543	2,853,059	1,705	880,844	2,543	2,853,059	1,705	2,853,059	1,705	880,844	1,705	880,844
2018	14,489	12,423,131	167	224,855	967	941,451	2,597	2,906,693	1,758	906,162	2,597	2,906,693	1,758	2,906,693	1,758	906,162	1,758	906,162
2019	14,767	12,646,635	171	229,251	980	953,244	2,647	2,955,105	1,807	929,797	2,647	2,955,105	1,807	2,955,105	1,807	929,797	1,807	929,797
2020	14,970	12,812,919	174	232,438	987	961,351	2,683	2,989,845	1,845	949,033	2,683	2,989,845	1,845	2,989,845	1,845	949,033	1,845	949,033
2021	15,226	13,037,311	179	236,610	999	974,433	2,727	3,038,448	1,889	971,957	2,727	3,038,448	1,889	3,038,448	1,889	971,957	1,889	971,957
2022	15,465	13,247,155	183	240,482	1,010	986,496	2,768	3,083,629	1,930	993,858	2,768	3,083,629	1,930	3,083,629	1,930	993,858	1,930	993,858
2023	15,689	13,443,816	187	244,081	1,019	997,654	2,806	3,125,712	1,970	1,014,820	2,806	3,125,712	1,970	3,125,712	1,970	1,014,820	1,970	1,014,820
2024	15,899	13,628,559	191	247,425	1,028	1,007,991	2,842	3,164,989	2,007	1,034,922	2,842	3,164,989	2,007	3,164,989	2,007	1,034,922	2,007	1,034,922
2025	16,096	13,802,622	194	250,544	1,035	1,017,603	2,876	3,201,774	2,043	1,054,249	2,876	3,201,774	2,043	3,201,774	2,043	1,054,249	2,043	1,054,249

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

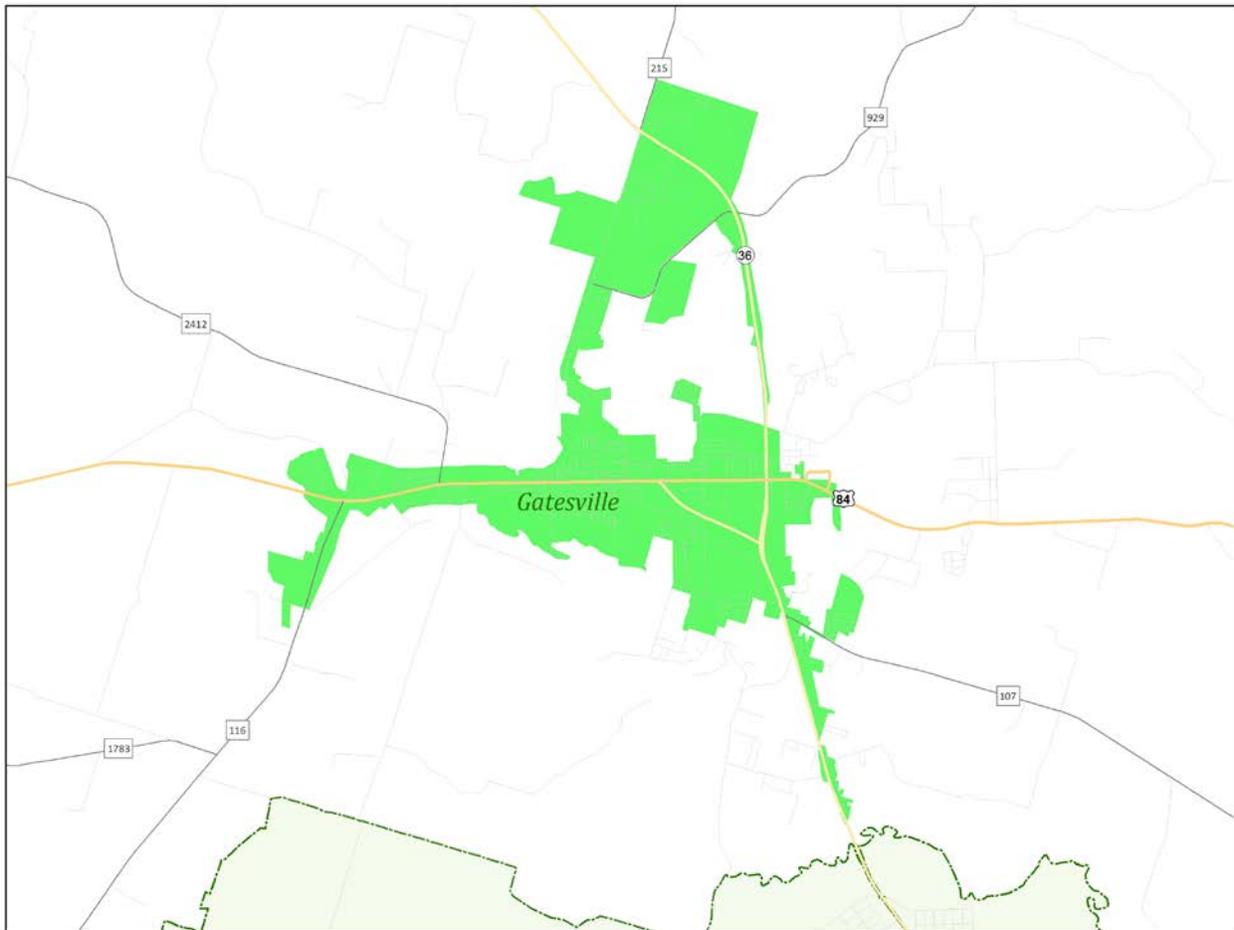
Figure 19: Belton Growth**



g. Gatesville

Gatesville is a city in and is the county seat of Coryell County, Texas. The population was 15,751 at the 2010 Census. (See Figure 20)

Figure 20: Map of Gatesville



Source: KTMO Metropolitan Planning Organization

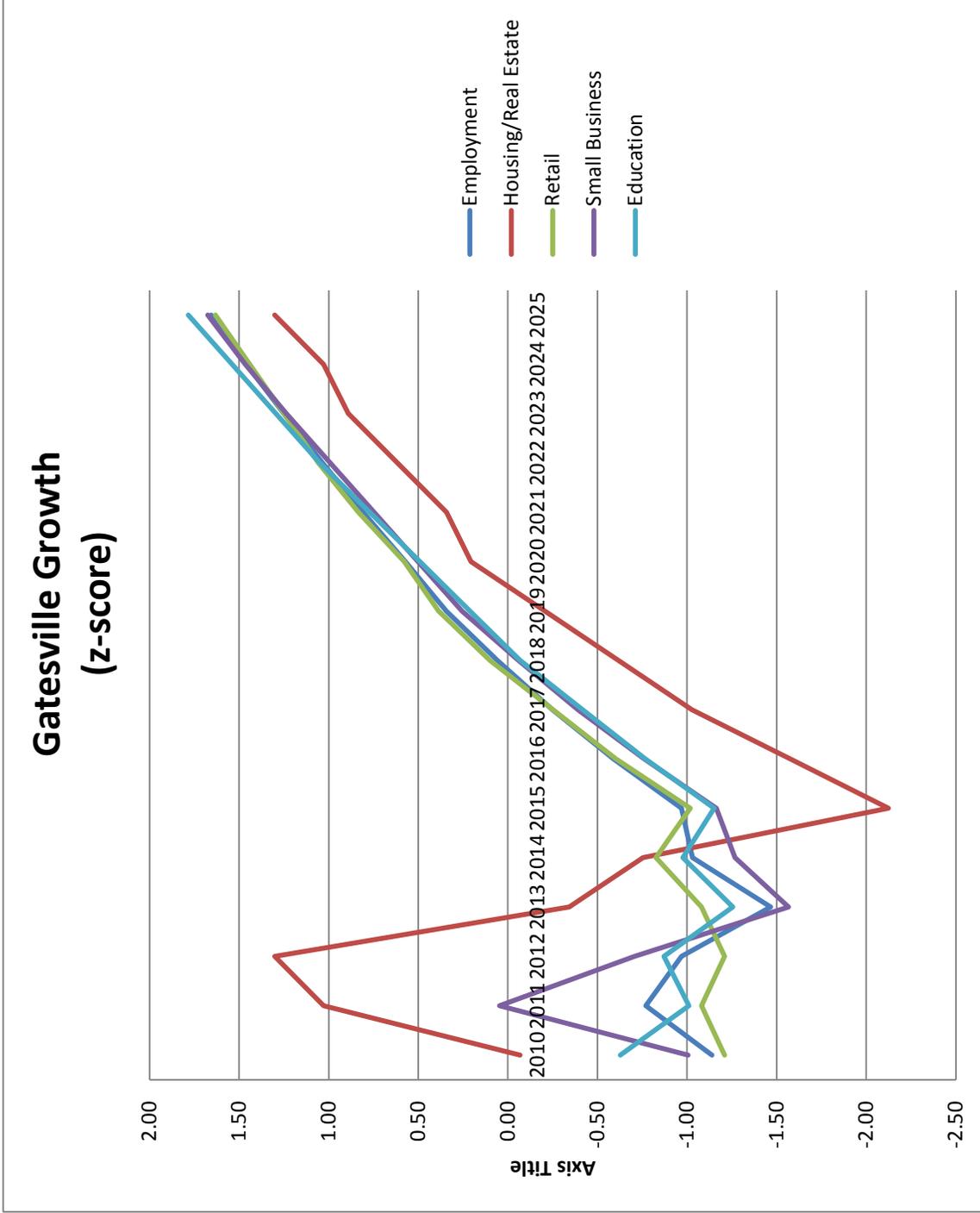
The 2014 population estimate is 15,872. Two manufacturing companies are located in Gatesville, as are several prisons operated by the Texas Department of Criminal Justice. Gatesville is located on the northern edge of Fort Hood and is also dependent on the military for part of the city's economy. However, all indications are that the 3,350 troop reductions at Fort Hood will not have an adverse effect on Gatesville.

Table 13: Gatesville Growth

Year	Gatesville		State		Gatesville		State		Gatesville		State		Gatesville		State	
	Employment	Employment	Housing/Real Estate	Housing/Real Estate	Retail	Retail	Small Business	Small Business	Education	Education	Small Business	Small Business	Education	Education	Small Business	Small Business
2010	6,150	10,182,156	269	568,815	546	1,253,805	1,027	2,284,037	451	801,831						
2011	6,278	10,422,296	277	578,442	550	1,282,850	1,087	2,333,495	440	797,946						
2012	6,209	10,727,644	279	593,449	546	1,317,805	1,044	2,401,957	444	791,326						
2013	6,036	11,031,906	267	606,266	550	1,352,812	995	2,467,420	433	796,888						
2014	6,188	11,375,444	264	620,990	558	1,391,002	1,012	2,548,267	441	809,057						
2015	6,209	11,585,338	254	626,949	552	1,422,451	1,018	2,594,823	436	822,610						
2016	6,341	11,902,706	258	642,208	565	1,451,026	1,041	2,662,519	447	853,260						
2017	6,459	12,177,732	262	655,080	576	1,475,629	1,062	2,720,333	457	880,844						
2018	6,566	12,423,131	265	666,306	587	1,497,435	1,081	2,771,406	467	906,162						
2019	6,665	12,646,635	268	676,395	596	1,517,189	1,099	2,817,573	475	929,797						
2020	6,744	12,812,919	271	683,607	602	1,531,466	1,113	2,850,979	483	949,033						
2021	6,826	13,037,311	272	693,653	610	1,553,017	1,127	2,897,476	491	971,957						
2022	6,905	13,247,155	274	702,997	617	1,573,040	1,141	2,940,763	499	993,858						
2023	6,980	13,443,816	276	711,713	623	1,591,693	1,155	2,981,151	506	1,014,820						
2024	7,052	13,628,559	277	719,856	629	1,609,109	1,168	3,018,916	513	1,034,922						
2025	7,121	13,802,622	279	727,495	635	1,625,423	1,180	3,054,344	520	1,054,249						

Source: EMSI 2015.1 provided by UCARE- Texas A&M University- Central Texas

Figure 21: Gatesville Growth**



10. Findings:

Events at Fort Hood have an economic ripple effect across Texas. For example, consider how plainly the [ripple effect] was demonstrated in 1990-91 [Approximately 220 businesses closing in Central Texas]. Due to Middle East deployments, spending declined sharply because the military deployed and spouses returned to their hometowns. Businesses' watched their economic and customer bases erode; resulting in [additional] statewide business closures and layoffs ensued from "feeder" industries impacted by the business closures.

The reduction of 3,350 Soldiers at Fort Hood does not create an immediate educational concern to the MSA; however, the Killeen Independent School District (KISD) and Copperas Cove Independent School District (CCISD) could experience significant Impact Aid cuts if additional or larger force reductions occur at Fort Hood. However; regardless of force structure size or mix, our service members will continue to face deployments, changes of duty stations, and potential risks associated with job duties. At the same time, their families continue to adjust to the changes that occur in daily life due to separations, new environments, and multiple uncertainties. For the military-connected children, they will continue to face the challenges and hurdles caused by the [ripple effect] such as high mobility, multiple transitions, and frequent family separations, all of which impact their educational opportunities. As a result of the pending Force Reduction, school districts may experience a reduction in their daily attendance (ADA) of military-connected children, which will reduce their federal impact aid funding for the following year, which may cause budget challenges with changing ADA. School districts may experience teacher reductions or higher than average turnover necessitating new hires and new teacher training. School districts may experience idle or less than capacity infrastructure on some campuses. If there is a negative, or stalled, economic growth and supporting tax base, the school districts may have their school budgets impacted.

As military families leave the area due to troop [reductions] Killeen and Copperas Cove Independent school districts officials said the future is uncertain as to what effect the military cuts will have on federal dollars—Impact Aid—which directly impacts the district's annual budgets...Impact aid is designed to assist school districts that lose property tax revenue to the presence of tax-exempt federal property, or the experience of increased expenditures due to the enrollment of federally connected children...(p.90).

The two communities most impacted (and most concerned) by the [ripple effect] are Killeen and Copperas Cove.

Impact aid constitutes 13 percent of Killeen Independent School District's budgeted expenditures based on its fiscal year 2016 budget. As of March, the district had received more than \$18.9 million with another \$27.6 million expected by the end of the fiscal year...

Cuts to Impact Aid could trickle down to cuts at the educational level. "Significant Impact Aid cuts would likely result in program and personnel reductions to balance the budget," district officials said. "The overall impact of the loss of funding would increase the likelihood that educational opportunities we are currently able to provide students would be reduced in the future, particularly if alternate sources of revenue were unable to be secured." KISD Superintendent John Craft said, "There are many variables that we just don't know at this point...Hopefully, as we move forward that crystal ball will become more clear; I think we are on good ground with what we budgeted with the information we have thus far..."

...In February of 2014, Superintendent Joe Burns announced Cove ISD lost their heavy Impact Aid funding which accounted for 16% of the district's revenue. In 2015, the district lost about \$12 million because it failed to meet a program requirement that 35 percent of the student population be military dependents. Whenever the drawdown of military forces happened, then the aid decreased dramatically [said] Burns...+

“We will essentially walk down our expenses over the next three years,” Burns said. “That will cost us about \$8.5 million to do that...” “The next few years will be crucial, he said, as Copperas Cove ISD is forced to make deeper additional cuts...” “We are fortunate that it has not been a kick off of a cliff,” he said. ““We’ve been managing this reduction over time, but we are at the point where it will begin to get very painful. Things begin to get a bit more challenging from here on forward” (Dodd, 2016, p.90).

Given a loss of 3,350 Soldiers at Fort Hood, that would conservatively result in the loss of 6700 airport trips per year (this would include immediate and extended family [individual, spouse, children, mother, father, grandparents, brother, sister, etc]). Thus the potential financial impact to the airport could be \$153,563, or approximately 6% of the annual airport revenue. The number of trips is purely a conservative estimate based on historical data.

Soldier reductions will not impact defense industries as much as weapons system reductions.

11. Lessons learned from previous force reductions:

According to The Heart of Texas Defense Allegiance Strategic Plan [draft] (2016, as cited by K. Cox personal communication,

When it comes to defense or military matters, the potential impact on Central Texas is high; therefore, it is critical that the region speaks with “One Voice.” The Heart of Texas Defense Alliance (HOTDA) was formed in February 2003, in response to an expressed need by the communities of Central Texas that were most affected by the activities of Fort Hood for a regional organization to advocate for Fort Hood and the defense community (defense industries, institutions, and organizations) beyond the municipal entities themselves. In mid-2003, seven cities (Killeen, Copperas Cove, Harker Heights, Belton, Temple, Gatesville, Lampasas) and three counties (Bell, Coryell, Lampasas) joined the Alliance, pledging operating funds. The Heart of Texas Defense Alliance was chartered as a non-profit 501(c)(6) organization in 2005.

Regional defense support organizations have proven successful in the larger metropolitan areas of Texas (such as El Paso, Corpus Christi, San Antonio, and Abilene) that are home to military installations. Additionally, the Texas Senate Committee on Veterans Affairs and Military Installations and the Governor’s Texas Military Preparedness Commission (TMPC) strongly recommended the formation of regional organizations and pledged to be advocates for regional strategic plans.

HOTDA’s initial priorities of effort were:

- a. To inform elected officials and the regional communities at large about the BRAC 2005 process.
- b. To develop a briefing and briefing materials that focused on defense-related opportunities in Central Texas and summarized the major investments made in the Fort Hood community—both on and off-post.
- c. To assure the Central Texas defense-related story was being communicated to external audiences, specifically in Austin and Washington, DC.

Heart of Texas Defense Alliance (HOTDA), Central Texas Council Of Government (CTCOG) and Killeen-Temple Metropolitan Planning Organization (KTMPO) work in very close coordination, collaboration, and cooperation and are of tremendous value to the region.

According to the Texas Workforce Employee of the Year Nomination Form (n.d):

Acknowledging the organization's ability to impact Texas' economy positively, Fort Hood actively works with communities and The Central Texas Workforce to promote employment and family member development that results in improved decision-making, life-skills, and resource identification. Today, family members possess the skills and resources needed to live in Texas rather than return to their hometowns during long deployments, retirement or just leaving the service. Employment opportunities ensure economic resources remain in the state when service members are deployed around the world (p. 2).

...Through the combined efforts of the Army Career and Alumni Program; Army Community Services, Employment Readiness Branch; Central Texas Workforce; the Civilian Personnel Assistance Center; and the Soldier Development Center, Fort Hood guarantees success by providing phenomenal employment support and preparation for emerging jobs for (1) Future employees (family members), (2) Current employees (civilian employees and service members) and (3) Transitioning employees (disabled veterans, veterans, retirees and existing military) (p.2).

According to Texas Workforce Employee of the Year Nomination Form (n.d) Fort Hood uses unique methods to ensure success.

The Command attends monthly Workforce Board meetings to promote high-level coordination...The Deputy Garrison Commander serves on the Board in an ex-officio capacity. This is producing vigorous identification and use of local resources and

coordination opportunities focused on employment and community engagement. Determined to not displace a single worker, Fort Hood upgraded Civil service worker skills and redesigned jobs to fit the employee. Fort Hood used the newest technology to equip students best. Fort Hood provided robust employment training on practical, applicable and necessary skills, e.g. focus on education, automation, and nursing. Using Video Teleconference technology, Fort Hood partnered with other training personnel to bring in the best educators and speakers from across the country. Fort Hood also ensured the following family member support opportunities focused on employment assistance, transportable skills development, family support activities, and buy-in to the Army mission:

- Connecting Spouses, Serving America—Self-Employment Summit
- Army Family Team-Building including training in financial management living/coping skills, child care, new parenting programs, etc.
- Family Assistance Center, with help 24/7.
- Family Readiness Groups and a Family Readiness Advisory Team of senior spouses serving as family advocates.
- Dynamic, high-ranking Rear Detachment Commanders that quickly address and resolve family needs.
- Committed linkages between Rear Detachment Commanders, Family Readiness Group leaders (trained, volunteer spouses), and Army Family Team Building graduates.
- Job Search Assistance, career counseling, coaching, centralized job banks, Employment Readiness Workshops.
- Annual Youth and Job Fairs (preceded by resume development and interview training for teens).
- Information and referral to community resources, with information or transportation, child care, and automation.

- Education Service seminars and training (Troops to Teachers, Teacher Preparation and Certification, Credentialing Opportunities On-Line, Career Development, Hazardous Materials, Small Arms Maintenance, College Orientation, Culinary Arts, Microsoft Computer Certification, abundant and varied automation courses, etc.) and
- Spouse Preference for civil service employment (Fort Hood placed the most military spouse in DOD).

...Fort Hood has pursued community partnerships that have successfully identified opportunities to develop transportable skills, coordinate services across organizations, leverage resources, and engage family members in employment activities that match local, state, and national high-skill, high-wage business demands. In programmed follow-ups, employers and employees consistently reported delight with all these efforts and programs. In addition to a broader applicant pool, companies benefit from a stable economy and customer base. Because the partnerships also identified skills and resource gaps, funding from U.S. Department of Labor serves to develop training and certification programs that can be continued and adjusted to meet the unique needs of the military family members and civilian personnel on Fort Hood (p. 2-3).

The economic impact on the business, workers, the local community and the State of Texas is immeasurable. As demonstrated by the increase in sales tax and reductions in business closures, the community partnerships and family development activities have proven highly successful in stabilizing, even growing, Central Texas' economy. However, with the use of transportable skills training, as well as community engagement that makes the family members feel like Texans rather than visitors, more family members and civilian personnel remain in their communities or commute to Texas' larger surrounding cities with higher-skill, higher-wage employment opportunities, as

evidenced by Fort Hood's support to [99,891] military retirees and family members living in Texas (p.2-3).

These coordination efforts have reduced duplication between Fort Hood organizations and local Workforce Centers. Resource and service needs have been identified and documented. Because of the partnership between Fort Hood and Central Texas Workforce, the U.S. Department of Labor awarded funding in the amount of \$6.85 million to serve individuals who are not included in the local workforce allocation ("Workforce Solutions,"2015). .

12. Conclusions:

Based on a careful review of the regional data and countless interviews, I conclude that a 3,350 troop reduction at Fort Hood, Texas will not significantly impact the region. However, several concerns were voiced; Killeen is concerned about the loss of business to the Killeen-Fort Hood Regional Airport, and Killeen ISD, as well as, Copperas Cove ISD are concerned about the potential loss of impact aid due to the decline in the number of military-connected children should more and larger reductions occur at Fort Hood.

In retrospect, the findings for the region as a whole, as well as each of the cities, included in the Killeen, Temple, Fort Hood MSA, have implemented outstanding comprehensive plans to mitigate the troop losses at Fort Hood, Texas. Their plans were not based on the most recent troop reduction but the past two large deployments, Desert Shield/Desert Storm and Operation Iraqi Freedom. The lessons learned from these two large-scale deployments were studied in depth and taken to heart.

The Killeen Daily Herald publishes an annual report titled “Progress” focuses on the development of the past year in the Central Texas communities and also takes an in-depth look at the changes in store for the coming year. In the 148-page Progress 2016 report, it highlights the positive developments in Killeen and the neighboring communities of Harker Heights, Fort Hood, Copperas Cove, Belton, Nolanville, Florence, Salado, Kempner, Gatesville, and Lampasas. Though the labor force may be falling as troop reductions occur at Fort Hood, data shows Killeen’s job market thrived in 2015.

According to Crutchfield (as cited by Thorp of the Killeen Daily Herald 2016),

“We enjoy a strong, consistent labor market,” said John Crutchfield, president and CEO of the Greater Killeen Chamber of Commerce. “Jobs increased by 4.2% in 2015 in the MSA. Historically, if you look at January of each year for the last decade, the number of jobs has increased an average of 144%” ...

Much of those gained jobs were in the trade, transportation, and utilities. “Trade, Transportation, and Utilities experienced a 5.9% increase in employment in the MSA. “ Crutchfield said. “This includes Retail, Education, and Health Services experienced a 5.4% increase in jobs. This includes our educational and health care institutions and medical specialties. The government increased 1.6% which includes defense contractors like Northrup Grumman.”

...While many are concerned that Army troop reductions will negatively affect Killeen’s job market and economy, Crutchfield is confident troop reductions will have little effect. “Indications are that the labor market will be unaffected for several reasons,” Crutchfield explained. “Reductions will take place slowly over time; we will be adding jobs to offset any losses. For example, we have experienced reductions in the recent past and, at the same time; jobs have increased. In addition, given budget uncertainties at the federal level, and the upcoming change in administrations and evolving defense requirements, it is possible that planned reductions at Fort Hood could be minimized or reversed of the long haul” (Thorp, 2016, p.26).

According to Wilen of the Killeen Daily Herald the region’s housing market continues to grow as well.

According to data from the Fort Hood Area Association of Realtors and Texas A&M University, home sales averaged 142 per month in 2015 and increased by 4.7% from 2014. ““The local real estate market continues to be positive,”” said Michael DeHart, executive officer for the Fort Hood Area Association Realtors. ““While national trends seem to swing from one extreme to another, locally our market tends to remain fairly stable. If you look at the data nationally, it looks like a sine wave with huge differences. Around here, there is a lot less variance. The market is proving to be constant,”” said DeHart (Wilen, 2016, p. 43).

13. Recommendations:

Fort Hood's interaction with the Texas Workforce Network ranges from the highest-level coordination (on the Workforce Board) to continuous contacts by activities such as Employment Readiness, to every aspect of a family member and civilian employee support initiatives. Fort Hood's world-class approach to community partnerships and family engagement is unparalleled and must be sustained to help minimize any impacts brought in the local area by the force reductions at Fort Hood.

The tremendous efforts by all the cities in the MSA to plan for growth and increasing business diversity must also remain a top priority. Increase Central Texas residents' access to careers in larger job markets, by making the Central Texas region more accessible, thereby increasing their standard of living and the regions tax base by fully implementing the KTMPO plan for a fully integrated, multi-modal transportation system and expand/improve the Killeen-Ft. Hood airport.

Maintain HOTDA as a regional non-profit corporation to promote the importance and sustainability of Fort Hood and all defense-related industries, organizations, and institutions in the MSA.

Finally, continue the programs focused on retaining and attracting Central Texas's future workforce. Continue to develop programs that entice retiring or ETSing military personnel to remain in the area after leaving the service.

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