



Analytics

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RE: The BRAC effect

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The national base realignment and closure program (BRAC) is transforming the Aberdeen Proving Ground into a major center for high tech research and development. Employment at Aberdeen will hit about 22,000 by late 2011. The bulk of these employees will be civilians in occupations such as computer science, IT, engineering, physics, chemistry, and mathematics. Will Delaware benefit from the Aberdeen explosion?

The three major areas of economic impact from the Aberdeen expansion are construction spending, the income of new resident workers, and R&D contracts. Delaware's best shot is with the contracts.

The construction at Aberdeen will include sophisticated laboratories and computer facilities. The general contracting work for things such as roads can be expected to land with Maryland contractors, particularly from the Baltimore metro area. State of Maryland officials are already on top of this. The more sophisticated construction contracts will go to general developers anywhere in the nation who have the appropriate track record.

New Aberdeen civilian workers are unlikely to locate in New Castle County (NCC) in the absence of a commuter rail line. The trip from Aberdeen to Newark using I-95 is a minimum of 42 minutes. The average work travel time for NCC residents is 25 minutes. Compared to NCC, Harford County's: median household income is

21% higher, poverty rate is 50% lower, median value of owner occupied housing is 20% higher, and the cost of living is 7% lower. The percent of adults with a bachelor's degree or greater is about the same between the two counties, and 12% of students in grades 1 through 8 in Harford County attend private school compared to 24% in NCC. The mean composite SAT scores for high school students in Aberdeen and Bel Air hover around a respectable 1500.

The "big kahuna" is in the research contracts that will be spun out from Aberdeen. In early December the Army detailed more than \$25 billion in contracts that will be issued over the next 5 years. Included are \$10 billion for hardware, software and engineering services, \$7 billion software-engineering, \$1 billion for tactical biometrics systems, and \$0.5 billion for IT support.

Delaware's competitive advantage is the University of Delaware, and particularly the University's 272 acre park for high-tech research, business, and academics. The demolition and salvage phase for the park has begun and the University recently signed a cooperative research-and-development agreement with the Army to share laboratories, personnel, facilities and equipment.

This will not, however, be a "walk in the park." The overall funding of defense contracts has been and will continue to be cut by

Washington, D.C. This intensifies the competition for the Aberdeen action. Universities and consultants from the region and across the nation are fixated on winning the contracts and subcontracts.

Nevertheless, the University of Delaware is in the right place at the right time. Any portion of \$25 billion is an immediate boost to Delaware's economy, and, as important, will accelerate the transition of Delaware out of mature into evolving, human capital intensive industries.

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