
Boeing Economic Contributions Summary

The Boeing Company is one of the nation's largest exporting companies. It is the world's leading aerospace company and one of the country's top 20 importers.ⁱ Representing 90 percent of Washington's aerospace industry, Boeing is largely responsible for aerospace export of \$22.4 billion in product value in 2006ⁱⁱ (almost two-thirds of total state exports). In return billions of new dollars flowed into Washington's economy and boosted the wealth of its citizens.

The following discussion outlines and summarizes The Boeing Company's contribution to the state of Washington economy.

1. In most years Boeing jobs represent nine of every ten aerospace jobs.

Boeing employment in Washington State topped 75,560 workers in mid-2008. Most of these jobs were concentrated in King (43,519 employees) and Snohomish (31,814 employees) Counties, with another 220 employees shared between Pierce, Spokane and other counties.ⁱⁱⁱ

Washington's aerospace industry with upwards of 84,500 workers in 2008, in turn, represents nearly three of every ten manufacturing jobs in the state.^{iv}

2. More than 10 percent of all jobs in Washington depend on aerospace

As a result of all the money that Boeing brings into the state from other parts of the U.S. and the world through sales of its aircraft, its presence in Washington results in 3.96 total jobs for every direct Boeing job.^v Therefore, Boeing's 75,560 direct jobs in 2008 spurred an additional 223,660 indirect jobs for a total of 299,220 jobs – more than 10 percent of all payroll employment – throughout the Washington economy.^{vi}

These additional jobs help create wages for grocery and clothing store clerks, cashiers, and other retail workers; cooks and waiters at local restaurants; building contractors and sub-contractors; architects, lawyers, long-haul truck drivers; long-shore and other port workers; nurses, doctors, and other health care workers; teachers, counselors, school administrators and other education workers; linemen, technicians and other utility workers; and the list goes on. Few non-basic sectors of the economy – sectors that do not result in bringing additional money into Washington's economy from outside the state – go unaffected by the company's presence.

3. Boeing purchased more than \$4 billion in goods and services from suppliers in 29 of Washington's 39 counties

Boeing purchases materials, equipment, and supplies from suppliers in 29 of Washington's 39 counties. Ranging between 2,900 and 3,160 suppliers statewide, the value of Boeing's supplier contracts in 2007 totaled nearly \$4,269,000,000 – nearly \$4.3 billion.^{vii}

More than half of both the number of suppliers and the value of their goods and services were located in King County, with the other sizeable concentrations located throughout the Puget Sound area. Spokane and Klickitat Counties led in highest valued contracts in eastern Washington.^{viii}

4. Boeing and the aerospace industry contributed \$39 billion to Washington's economy in 2007, nearly 9 percent of all wealth

Worldwide Boeing's revenues totaled \$61,500,000,000 – \$61.5 billion in 2006 – posting more than 150 percent growth over 1996. Most of this growth resulted from a near sextupling over the decade of Boeing's Integrated Defense sales, as they grew from representing a quarter of Boeing's revenues in 1996 (with commercial aircraft representing the other 75 percent) to capturing nearly a third of total revenues by 2006.^{ix}

In Washington State this wealth creation by The Boeing Company, together with the other approximate 650 aerospace companies located in the state, resulted in \$39 billion in statewide economic impact in 2007.^x

5. Aerospace workers' wages averaged \$86,630 in 2007, nearly twice workers' average pay throughout the rest of the economy and three-quarters again as much as other manufacturing workers, excluding aerospace.

Aerospace sectors in Washington in 2007 paid a total of nearly \$6.9 billion in covered wages and averaged \$86,630 per worker. This average wage compares with a \$49,233 for manufacturing (excluding aerospace), and an average for all other industries (excluding aerospace) of \$43,802 in 2007.^{xi}

6. Boeing contributes more than \$48 million to charitable causes in Washington

Boeing contributes nearly \$48.5 million to various institutions and causes in Washington, most of which are concentrated in the Puget Sound area. These contributions include

charitable cash donations, employee gift matching, sponsorships, in-kind contributions, and loaned labor and executives.^{xii}

For example, Boeing contributes \$100,000 each to both the Seattle Art Museum and the Seattle Symphony. The company puts up an additional \$10,000 to \$20,000 to support annual fundraising events for both organizations, and provides executives to serve on their boards of directors. In past years Boeing also provided much of the printing for the Symphony as an in-kind contribution.^{xiii}

In another example of Boeing's continuing participation in valued community institutions, the company has contributed over \$4 million since 1986 – \$405,000 this year – to the Woodland Park Zoo with an additional \$30,000 in event sponsorships. A Boeing executive sits on the Zoo's board of directors and Boeing employees have spent more than a year offering "Lean+" expertise to help develop the Zoo's new penguin exhibit.^{xiv}

Lean+ process efficiency tools "promote continuous improvement," according to Boeing's Frontier Magazine.^{xv} For example, as a result of Boeing's expert help, the zoo will save 3 million gallons of water and 75 million BTUs of energy over the previous exhibit and all the water used will be recycled or reused, according to the article.

7. Boeing employees and retirees contributed nearly \$25 million in 2008

Boeing employees and retirees contributed more than \$24.7 million in 2008 to community causes and organizations in Washington State through Boeing's Employees Community Fund. Since the company covers the full cost of administering the fund, 100 percent of its employees' and retirees' contributions go to community support.^{xvi}

8. With \$37 million in tuition payments in 2008, Boeing may be the single largest contributor to higher education in Washington

Since the company receives great benefit from a highly educated workforce, Boeing does not consider its tuition payments, which pay for its employees to receive additional education and training at four-year colleges and universities in Washington, to be a charitable contribution. However, the \$37 million in tuition payments in 2008 make Boeing one of the largest, if not the single largest, contributor to higher education in Washington.^{xvii}

Quotable Quotes

WashACE, April 14, 2009, What If Boeing Left Washington?

“...in a globally competitive market. Location is a choice,” said [Boeing Commercial Airplanes CEO Scott] Carson.

“Since each Boeing job supports nearly three additional jobs in the state, the company’s departure would mean a permanent reduction of [nearly 300,000] jobs.”

“Without the draw of aerospace employment, housing prices would fall by as much as 65 percent by 2030.”

“Statewide personal income would decline by nearly 9 percent.”

“Our state’s economic recovery depends on our ability to retain our premier industries... [The Boeing Company’s] contributions are irreplaceable. Nothing on the horizon promises the positive economic impact of a retained aerospace cluster.”

Puget Sound Economic Forecaster, January 2006, The Washington Aerospace Industry (Conway and Pedersen)

“Boeing is perennially the nation’s top exporting company.”

“[Aerospace] represents 7.5 percent of total state employment or approximately one out of every 13 jobs...Although the state economy has substantially grown and diversified over time, this finding shows that aerospace is still Washington’s most important industry.”

“Boeing will regain its title as the number one producer of commercial jet aircraft in the world and the aerospace industry will add thousands of jobs over the next few years.”

[Our Comment: The only question is whether Boeing will add those jobs here in Washington or take them somewhere else.]

Deloitte Consulting, April 2009, Aerospace Industry Competitiveness Study

“While Washington offers many advantages to aerospace companies, its disadvantages outweigh the advantages in attracting and retaining aerospace companies relative to other states.”

- Advantages include “current aerospace base/footprint, availability of skilled labor force, competitive tax environment, access to leading R&D, and quality of life.”
- Disadvantages include “wage rates, labor relations, training, cost of living, and real estate/utility costs.”

“Washington should proactively address the gaps, including enacting appropriate legislation.”

- Short term opportunities include “unemployment insurance tax, training, research and development funding, and building a government entity dedicated to the aerospace industry;”
- Longer term opportunities include “taxes, workers compensation and transportation/infrastructure.”

Seattle PI.com, Andrea James: Logging off seattlepi.com & final aerospace thoughts, August 11, 2009

“Just how big is Boeing? ...”

“Its Everett factory claims the title of world's largest building. It's so big that all of Disneyland can fit inside the building, its doors are the size of American football fields, and it has its own fire department.”

“When the Machinists union went on strike last fall, the White House said that the strike was partly to blame for a decline in U.S. gross domestic product.”

“Boeing is the state's largest private employer. The company employs about 74,000 people in Washington state. The next largest private employer, Microsoft, employs 41,000 in the state.”

“Washington state is the only one in the union that has a trade surplus with China, and Boeing is the primary contributor to that surplus.”

Economic and Revenue Forecast, June 2009

“Washington will emerge from the recession about the same time as the nation. Despite entering into the current downturn later than the nation, the state will not lag in the recovery because of the strength in industries like aerospace and software.”

Endnotes

- ⁱ Baer, Mike, **Commercial Aviation Market Outlook**, June 25, 2008
- ⁱⁱ Department of Community, Trade and Economic Development, **Washington Aerospace Facts**, July 2007
- ⁱⁱⁱ Baer, Mike, **Commercial Aviation Market Outlook**, June 25, 2008
- ^{iv} Ibid.
- ^v Washington Alliance for a Competitive Economy, **What If Boeing Left Washington**, April 2009
- ^{vi} Office of the Economic and Revenue Forecast Council (OERFC), **Payroll Employment**, June 2009
- ^{vii} Baer, Mike, **Commercial Aviation Market Outlook**, June 25, 2008
- ^{viii} Ibid.
- ^{ix} Ibid.
- ^x Department of Revenue, **Quarterly Business Review**, 2007
- ^{xi} Employment Security Workforce Explorer, **Covered Wages and Employment**, 2007
- ^{xii} Tim Nowlis, The Boeing Company, telephone conversation, August 2009
- ^{xiii} Huong Vu, The Boeing Company, telephone conversation, August 2009
- ^{xiv} Neelima Shah, The Boeing Company, telephone conversation, August 2009
- ^{xv} Frontier Magazine, **Lean experts in Commercial Airplanes teach and learn from community project**, August 2009
- ^{xvi} Tim Nowlis, The Boeing Company, telephone conversation, August 2009
- ^{xvii} Ibid