

The Economic Impact of Department of Defense Contracts in Missouri

This brief examines the economic impact of U.S. Department of Defense (DoD) contracts that were awarded to Missouri vendors in 2006. The report finds that these contracts significantly contributed to gross state product, employment, and labor income in 2006. Analysis is based on U.S. Department of Defense contracts awarded to Missouri vendors as reported by the Federal Procurement Data System.

U.S. Department of Defense Contract Obligations in Missouri

In 2006 the Department of Defense awarded more than 67,400 contracts totaling \$12B to Missouri vendors. The majority of contract dollars awarded were in Manufacturing and Professional, Scientific, and Technical Services industries. The table below shows a listing of the awards by major industry.

Table 1. U.S. DoD Contract Obligations by Major Industry in Missouri 2006

NAICS	Industry		Total
11	Agriculture, Forestry, Fishing and Hunting	\$	439,884
21	Mining	\$	1,217,932
22	Utilities	\$	9,897,594
23	Construction	\$	131,082,882
31-33	Manufacturing	\$	4,059,315,554
42	Wholesale Trade	\$	352,443,988
44-45	Retail Trade	\$	18,790,869
48-49	Transportation and Warehousing	\$	18,212,381
51	Information	\$	48,427,143
52	Finance and Insurance	\$	7,152,798
53	Real Estate and Rental and Leasing	\$	3,665,533
54	Professional, Scientific, and Technical Services	\$	4,379,789,664
55	Management of Companies	\$	-
56	Admin and Support and Waste Management	\$	51,939,153
61	Educational Services	\$	4,689,719
62	Health Care and Social Assistance	\$	69,979,215
71	Arts, Entertainment, and Recreation	\$	328,908
72	Accommodation and Food Services	\$	29,358,290
81	Other Services (except Public Admin)	\$	12,204,225
92	Public Administration	\$	986,682
	Not Classified	\$	2,960,736,172
	TOTAL	\$	12,160,658,587

The Economic Impact of U.S. DoD Contract Obligations in Missouri

In 2006, U.S. Department of Defense contract dollars awarded to Missouri vendors had a significant impact on the state's economy. These contract obligation awards amounted to \$12.2 billion and contributed \$6.29 billion to wage and salary income in Missouri.

Contributions to employment totaled 159,900 due to the contracts awarded. The industries with the greatest employment impacts were Professional, Scientific and Technical services (59,790) and Manufacturing (22,110). Major employment contributions due to Department of Defense contracts awarded to Missouri vendors are listed below. Impacts of less than 100 jobs are not included in this table.

Table 2. Employment Due to the U.S. Department of Defense Contracts in Missouri

Industry	Employees	Industry	Employees
State & Local Government	1,049	Real Estate, Rental, & Leasing	2,534
Utilities	347	Professional & Technical Services	59,790
Construction	7,484	Management of Companies & Enterprises	1,389
Manufacturing	22,110	Administrative & Waste Remed Services	10,250
Wholesale Trade	5,490	Educational Services	1,541
Retail Trade	14,460	Health Care & Social Assistance	5,611
Transportation & Warehousing	1,473	Arts, Entertainment, & Recreation	2,209
Information	1,910	Accommodation & Food Services	10,260
Finance & Insurance	4,162	Other Services	7,760

The Fiscal Impact of DoD Contract Obligations in Missouri

Department of Defense contracts in Missouri contributed \$453 million to state general revenues in 2006. Major contributions to revenue were in sales and use, corporate and individual income taxes. Other impacts included migration to the state, spending on education, and spending on public amenities. This additional spending was offset by a \$75.2 million decrease in social service spending, amounting to a \$46.4 million net decrease in expenditures. The net result for the Missouri state budget was an addition of \$499.4 million.

Methodology

This impact study was conducted using version nine of the Regional Economic Models Incorporated (REMI) economic model. Contract obligation amounts are from the Federal Procurement Data System (FPDS). This included contracts for all Department of Defense programs. The unclassified contract amounts were matched to vendor and placed in appropriate industries.

Figure 1. U.S. Department of Defense Contract Obligations by Missouri Senate District

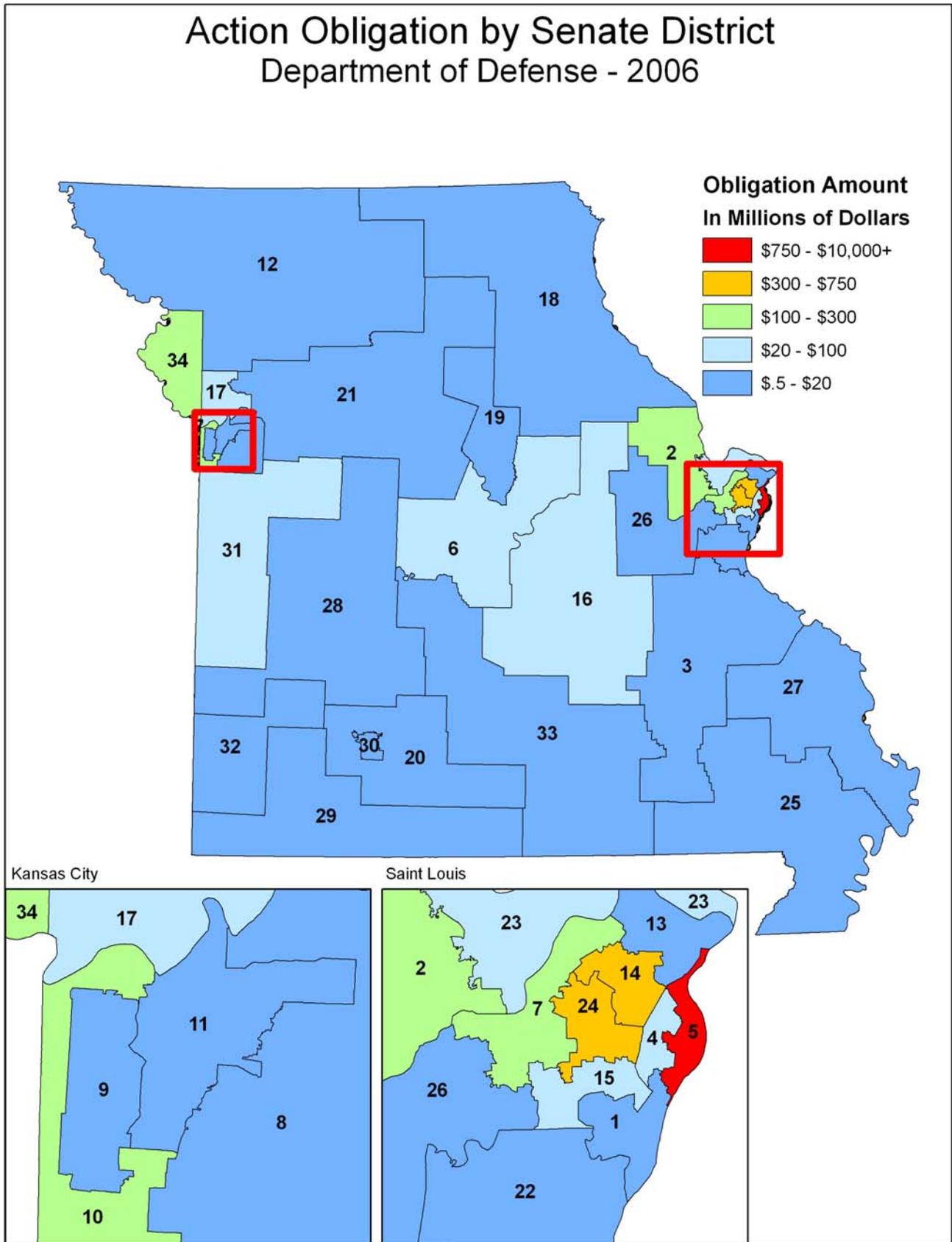


Table 3. U.S. Department of Defense Contract Obligations by Missouri Senate District

Senate District	Obligation Amount
1	\$ 16,609,270
2	\$ 152,329,662
3	\$ 617,266
4	\$ 45,883,512
5	\$ 10,269,677,913
6	\$ 60,365,485
7	\$ 150,106,405
8	\$ 9,384,735
9	\$ 18,520,037
10	\$ 162,821,382
11	\$ 3,569,671
12	\$ 2,071,104
13	\$ 5,709,562
14	\$ 748,578,545
15	\$ 40,627,286
16	\$ 39,402,609
17	\$ 31,474,691
18	\$ 7,629,415
19	\$ 6,144,178
20	\$ 8,098,556
21	\$ 2,247,200
22	\$ 7,350,937
23	\$ 39,222,821
24	\$ 339,177,613
25	\$ 10,385,476
26	\$ 5,001,455
27	\$ 3,834,033
28	\$ 3,153,183
29	\$ 3,152,264
30	\$ 12,640,033
31	\$ 35,282,970
32	\$ 10,105,900
33	\$ 9,381,174
34	\$ 105,652,185
TOTAL	\$ 12,366,208,528

Note: \$11,572,935 in contracts was unable to be attributed to a specific Senate district.

Source: Federal Procurement Data System, December 2007. Produced by the Missouri Department of Economic Development.



Figure 2. U.S. Department of Defense Contract Obligations by Missouri House District

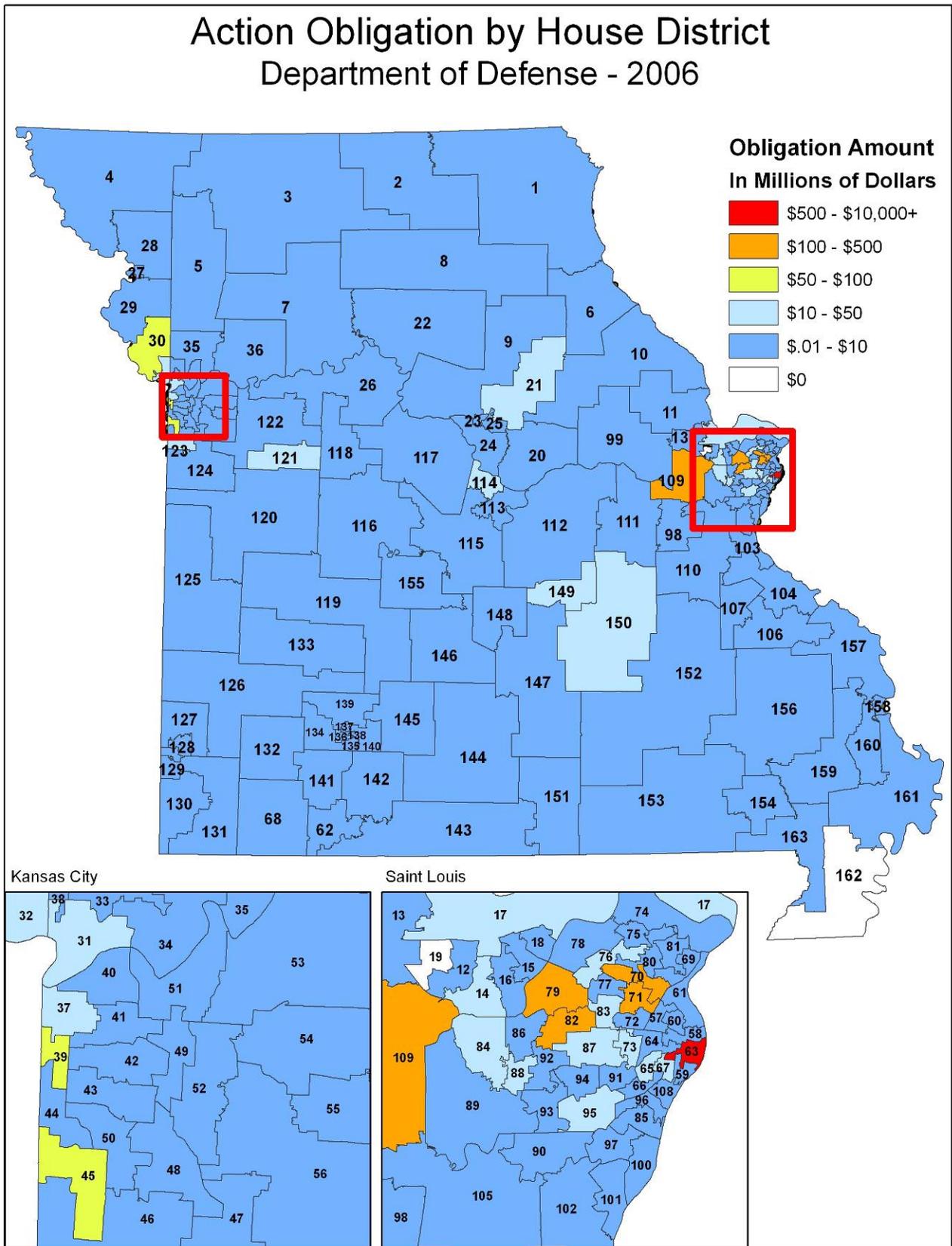


Table 4. U.S. Department of Defense Contract Obligations by Missouri House District

House District	Obligation Amount						
1	\$ 407,275	42	\$ 609,901	83	\$ 16,209,964	124	\$ 659,898
2	\$ 1,068,243	43	\$ 7,329,859	84	\$ 19,314,835	125	\$ 428,698
3	\$ 1,998,688	44	\$ 3,787,385	85	\$ 1,639,863	126	\$ 125,135
4	\$ 7,314	45	\$ 61,724,665	86	\$ 2,158,989	127	\$ 19,622
5	\$ 52,555	46	\$ 324,048	87	\$ 14,202,414	128	\$ 361,054
6	\$ 3,541,810	47	\$ 5,247,723	88	\$ 11,019,655	129	\$ 9,490,314
7	\$ 37,224	48	\$ 151,853	89	\$ 3,192	130	\$ 326,181
8	\$ 50,968	49	\$ 330,170	90	\$ 4,673,294	131	\$ 4,316
9	\$ 855,051	50	\$ 7,234,939	91	\$ 843,676	132	\$ 3,860
10	\$ 2,536,960	51	\$ 819,404	92	\$ 61,881	133	\$ 454,897
11	\$ 2,600	52	\$ 1,538,327	93	\$ 1,070,156	134	\$ 57,974
12	\$ 3,891	53	\$ 2,193,199	94	\$ 2,526,488	135	\$ 6,501,115
13	\$ 358,072	54	\$ 1,816,563	95	\$ 30,096,937	136	\$ 1,620,197
14	\$ 21,812,585	55	\$ 514,374	96	\$ 4,748,948	137	\$ 1,256,627
15	\$ 6,765,208	56	\$ 1,009,724	97	\$ 212,814	138	\$ 107,358
16	\$ 136,843	57	\$ 140,889	98	\$ 164,255	139	\$ 1,425,540
17	\$ 27,899,469	58	\$ 1,710,547	99	\$ 4,226,810	140	\$ 1,769,086
18	\$ 5,825,595	59	\$ 2,502,599	100	\$ 226,199	141	\$ 727,535
19	\$ -	60	\$ 173,309	101	\$ 2,433,455	142	\$ 560,694
20	\$ 18,463	61	\$ 736,913	102	\$ 11,601	143	\$ 131,532
21	\$ 27,396,295	62	\$ 1,044,176	103	\$ 242,029	144	\$ 11,000
22	\$ 77,810	63	\$ 10,263,619,929	104	\$ 11,128	145	\$ 7,147,825
23	\$ 49,998	64	\$ 4,433,017	105	\$ 90,039	146	\$ 6,163,823
24	\$ 466,681	65	\$ 31,649,950	106	\$ 550,133	147	\$ 394,567
25	\$ 5,054,791	66	\$ 4,567,592	107	\$ 24,650	148	\$ 5,674,160
26	\$ 45,600	67	\$ 11,798,215	108	\$ 764,787	149	\$ 11,727,247
27	\$ 1,856,596	68	\$ 1,332,447	109	\$ 128,960,613	150	\$ 21,941,965
28	\$ 51,101	69	\$ 4,933,487	110	\$ 3,695	151	\$ 37,430
29	\$ 1,367,009	70	\$ 486,904,960	111	\$ 145,218	152	\$ 63,240
30	\$ 90,999,908	71	\$ 248,581,347	112	\$ 88,402	153	\$ 175,061
31	\$ 25,179,653	72	\$ 776,021	113	\$ 346,864	154	\$ 2,060,088
32	\$ 11,380,849	73	\$ 42,058,349	114	\$ 30,176,672	155	\$ 2,494,718
33	\$ 2,981,914	74	\$ 24,915	115	\$ 2,860,841	156	\$ 365,847
34	\$ 916,491	75	\$ 701,740	116	\$ 331,175	157	\$ 382,776
35	\$ 2,348,628	76	\$ 13,162,201	117	\$ 16,061	158	\$ 2,019,339
36	\$ 154,012	77	\$ 315,554	118	\$ 1,941,901	159	\$ 1,851,091
37	\$ 25,598,889	78	\$ 9,323,689	119	\$ 159,722	160	\$ 85,889
38	\$ 81,393	79	\$ 282,589,629	120	\$ 326,443	161	\$ 6,855,855
39	\$ 64,599,450	80	\$ 53,440	121	\$ 22,933,060	162	\$ -
40	\$ 7,906,741	81	\$ 33,705	122	\$ 5,182,102	163	\$ 546,173
41	\$ 1,558,607	82	\$ 100,296,082	123	\$ 11,225,722	TOTAL	\$ 12,369,804,476

Note: \$7,976,987 in contracts was unable to be attributed to a specific House district.

Source: Federal Procurement Data System, December 2007. Produced by the Missouri Department of Economic Development.



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