



Missouri Economic Impact Brief

The Economic Impact of Department of Defense Contracts in Missouri

Missouri Department of Defense Contracts – 2008

This brief examines the economic impact of U.S. Department of Defense (DoD) contracts that were awarded to Missouri vendors in 2008. The report finds that these contracts significantly contributed to gross state product, employment, and labor income in 2008. 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 2008 the Department of Defense awarded 88,117 contracts totaling more than \$12.97B 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, 2008

NAICS	Industry	Total
11	Agriculture, Forestry, Fishing and Hunting	\$270,131
21	Mining	\$2,872,129
22	Utilities	\$6,855,811
23	Construction	\$680,581,048
31-33	Manufacturing	\$7,143,889,654
42	Wholesale Trade	\$294,382,208
44-45	Retail Trade	\$274,933,614
48-49	Transportation and Warehousing	\$28,188,866
51	Information	\$264,775,286
52	Finance and Insurance	\$103,388
53	Real Estate and Rental and Leasing	\$5,908,605
54	Professional, Scientific, and Technical Services	\$3,667,978,153
56	Admin and Support and Waste Management	\$70,476,786
61	Educational Services	\$9,941,499
62	Health Care and Social Assistance	\$79,519,897
71	Arts, Entertainment, and Recreation	\$202,011
72	Accommodation and Food Services	\$37,541,125
81	Other Services (except Public Admin)	\$16,851,960
92	Public Administration	\$3,199,859
	Not Classified	\$382,300,135
	TOTAL	\$12,970,772,163

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

In 2008, 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 \$12.97 billion and contributed \$6.27 billion to wage and salary income in Missouri.

Contributions to employment totaled 147,000 due to the contracts awarded. The industries with the greatest employment impacts were Professional, Scientific and Technical services (41,060) and Manufacturing (25,550). 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	1,619	Real Estate, Rental, & Leasing	4,172
Utilities	239	Professional & Technical Services	41,060
Construction	12,380	Management of Companies & Enterprises	1,448
Manufacturing	25,550	Administrative & Waste Remed Services	8,414
Wholesale Trade	4,681	Educational Services	1,480
Retail Trade	16,000	Health Care & Social Assistance	6,820
Transportation & Warehousing	1,502	Arts, Entertainment, & Recreation	1,860
Information	2,435	Accommodation & Food Services	8,472
Finance & Insurance	3,570	Other Services	5,270

The Fiscal Impact of DoD Contract Obligations in Missouri

Department of Defense contracts in Missouri contributed \$379.3 million to state general revenues in 2008. 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 \$68.3 million decrease in social service spending, amounting to a \$41.2 million net decrease in expenditures. The net result for the Missouri state budget was an addition of \$420.5 million.

Methodology

This impact study was conducted using version 9.5 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.