

The Economic Impact of Department of Defense Contracts in Missouri

Missouri Department of Defense Contracts – 2009

This brief examines the economic impact of U.S. Department of Defense (DoD) contracts that were awarded to Missouri vendors in 2009. The report finds that these contracts significantly contributed to gross state product, employment, and labor income in 2009. 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 2009 the Department of Defense awarded 87,068 contracts totaling more than \$9.3B 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, 2009

NAICS	Industry	Total
11	Agriculture, Forestry, Fishing and Hunting	\$1,296,795
21	Mining	\$4,988,040
22	Utilities	\$9,601,754
23	Construction	\$592,010,454
31-33	Manufacturing	\$4,257,622,284
42	Wholesale Trade	\$293,302,491
44-45	Retail Trade	\$349,140,776
48-49	Transportation and Warehousing	\$20,534,196
51	Information	\$250,207,574
52	Finance and Insurance	\$5,256
53	Real Estate and Rental and Leasing	\$7,504,051
54	Professional, Scientific, and Technical Services	\$3,284,321,114
56	Admin and Support and Waste Management	\$99,290,914
61	Educational Services	\$15,116,689
62	Health Care and Social Assistance	\$45,662,221
71	Arts, Entertainment, and Recreation	\$248,911
72	Accommodation and Food Services	\$50,954,233
81	Other Services (except Public Admin)	\$22,354,291
92	Public Administration	\$3,943,154
	TOTAL	\$9,308,105,196

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

In 2009, 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 \$9.3 billion and contributed \$4.98 billion to wage and salary income in Missouri.

Contributions to employment totaled 125,799 due to the contracts awarded. The industries with the greatest employment impacts were Professional, Scientific and Technical services (31,757) and Manufacturing (17,090). 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	12,776	Finance & Insurance	3,400
Agriculture, Forestry, & Fishing	120	Real Estate, Rental, & Leasing	2,587
Utilities	196	Professional & Technical Services	31,757
Construction	10,918	Management of Companies & Enterprises	965
Manufacturing	17,090	Administrative & Waste Remed Services	8,177
Wholesale Trade	3,735	Educational Services	821
Retail Trade	12,482	Health Care & Social Assistance	6,676
Transportation & Warehousing	1,145	Arts, Entertainment, & Recreation	1,129
Information	1,931	Accommodation & Food Services	4,456
		Other Services	5,422

The Fiscal Impact of DoD Contract Obligations in Missouri

Department of Defense contracts in Missouri contributed \$309.2 million to state general revenues in 2009. 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 \$55.2 million decrease in social service spending, amounting to a \$36.2 million net decrease in expenditures. The net result for the Missouri state budget was an addition of \$345.4 million.

Methodology

This impact study was conducted using version 1.1.13 of the Regional Economic Models Incorporated (REMI) PI+ 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.