U.S. Department of Defense Contract Spending and the Supporting Industrial Base, 2000-2012

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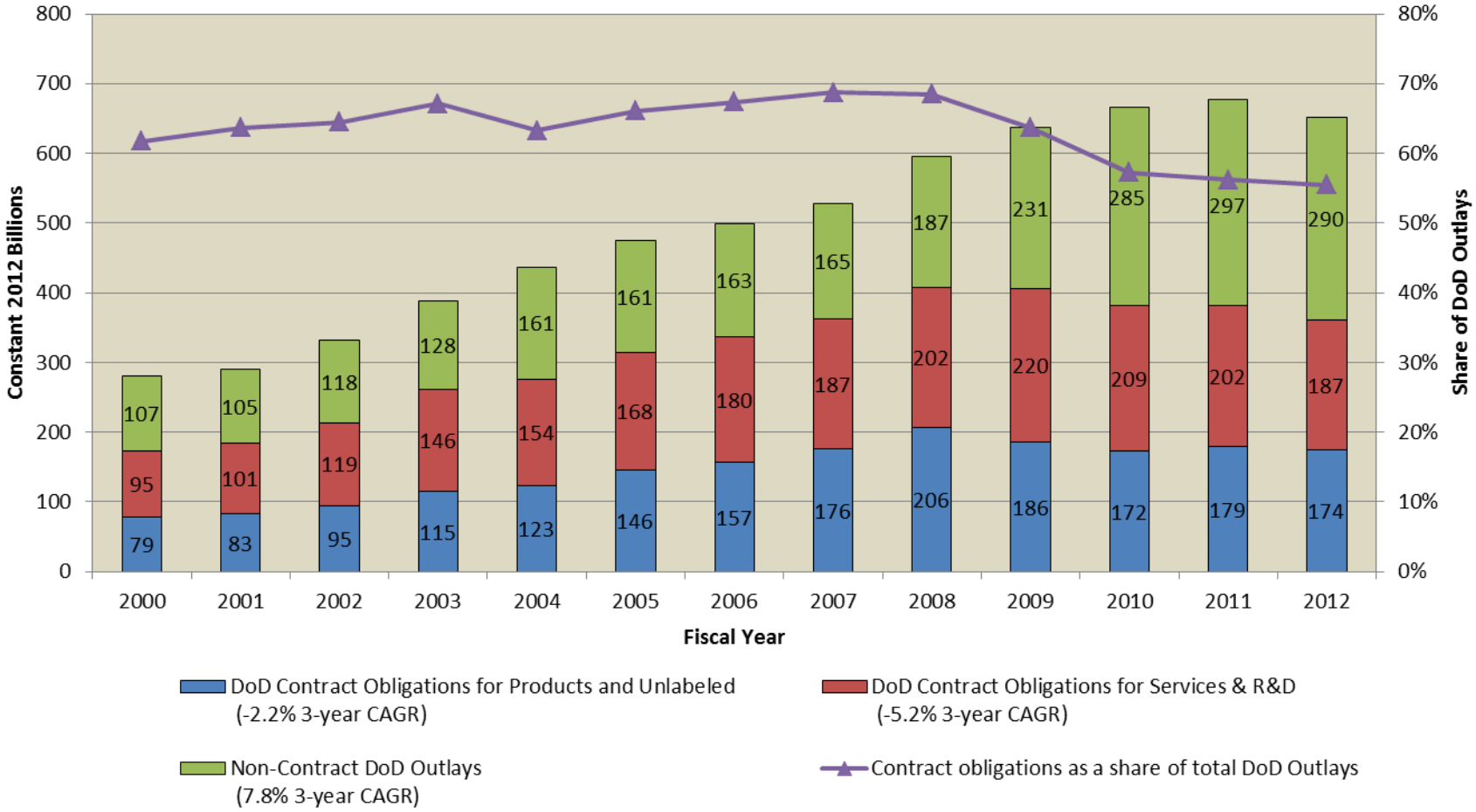
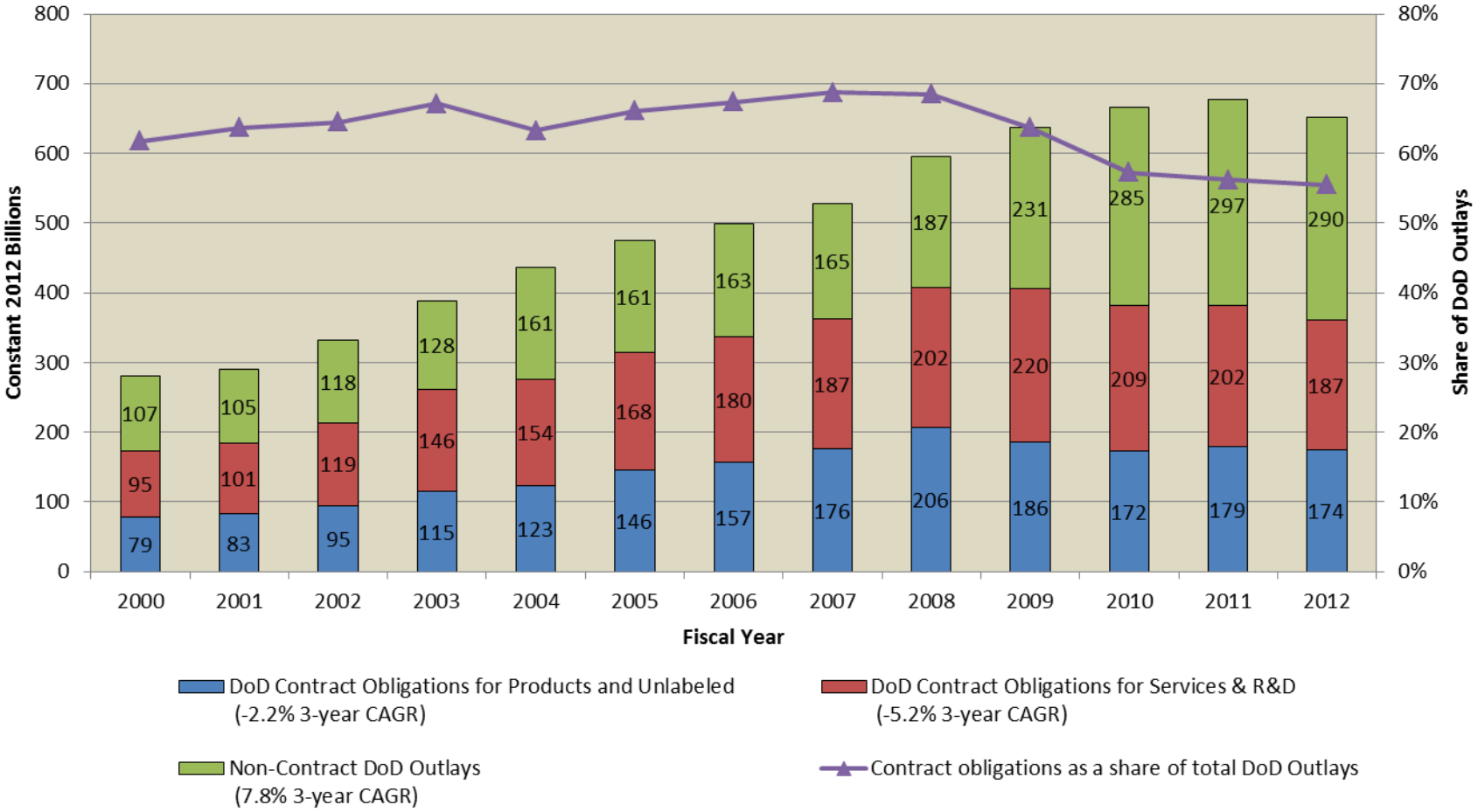
Methodology

- The Federal Procurement Data System (FPDS) was the primary source for this report.
- Federal regulations only require that all unclassified prime contracts worth $2,500 and above be reported to FPDS.
- FPDS data are constantly being updated, including those for back years. As a consequence, the dollar totals for a given year can vary between reports.
- Contract classifications sometimes differ between FPDS and individual companies, resulting in some contracts that a company considers as services being labeled as products by FPDS and vice versa.
- OCO and supplementals are not separately classified in FPDS.
- All dollar figures are in constant 2012 dollars; 3-year CAGRs are for 2009-2012.
- Additional charts (with breakdowns by DoD component and by Products/Services/R&D), along with full data tables, are available online at http://www.csis.org/NSPIR/DoD

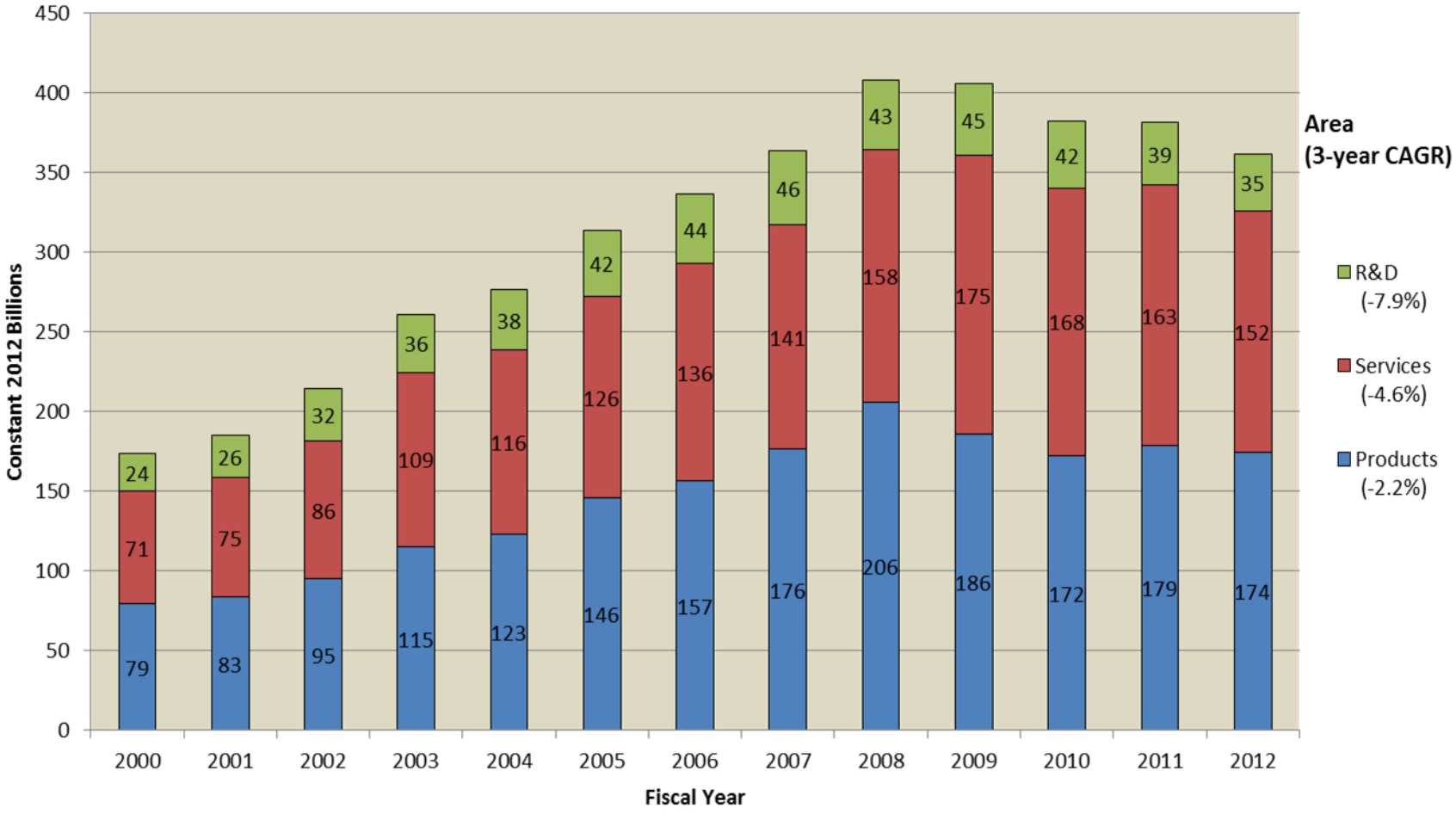
Defense Contract Obligations In Context, 2000-2012



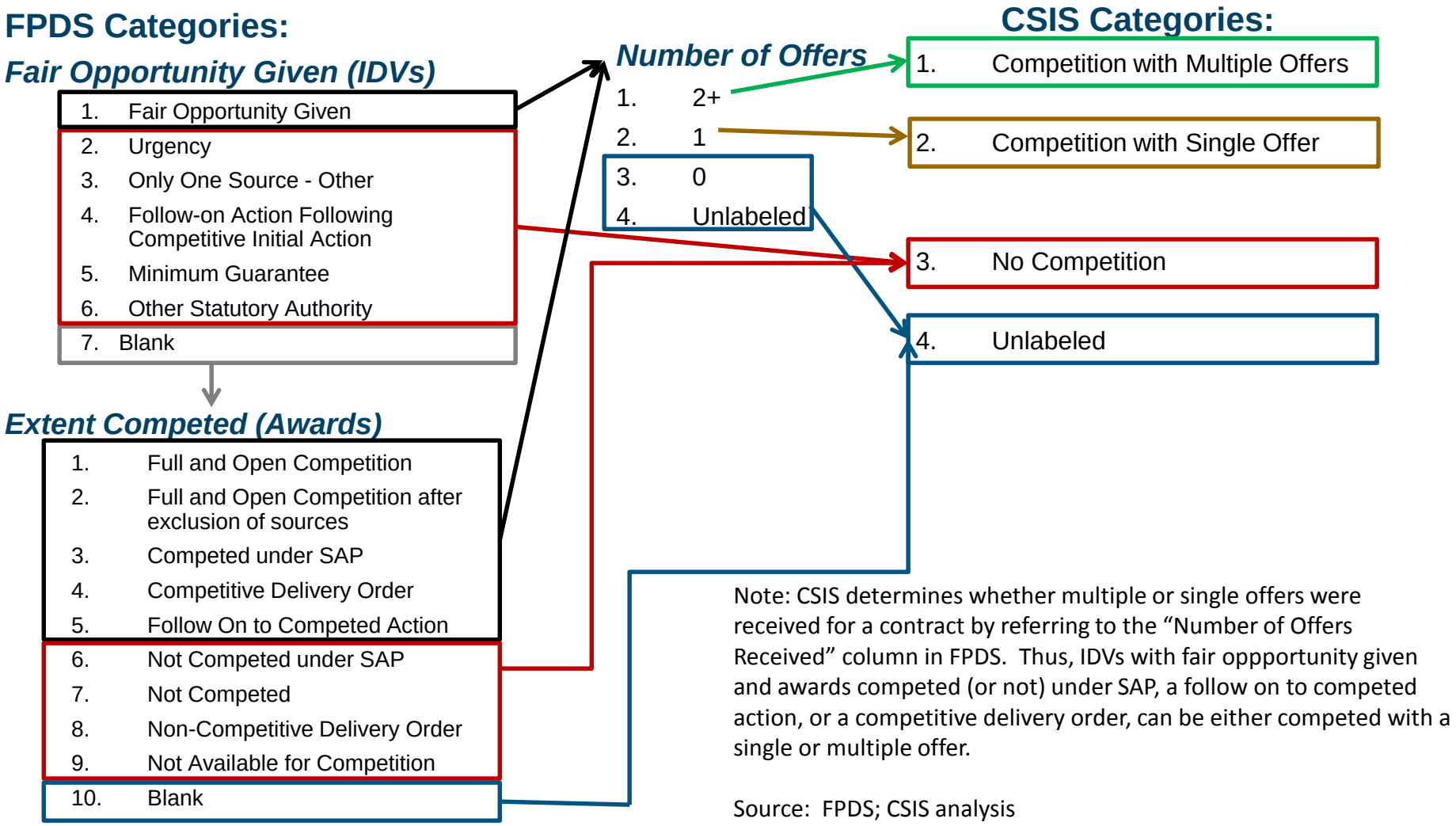
Defense Contract Obligations by Component, 2000-2012



Defense Contract Obligations by Area, 2000-2012



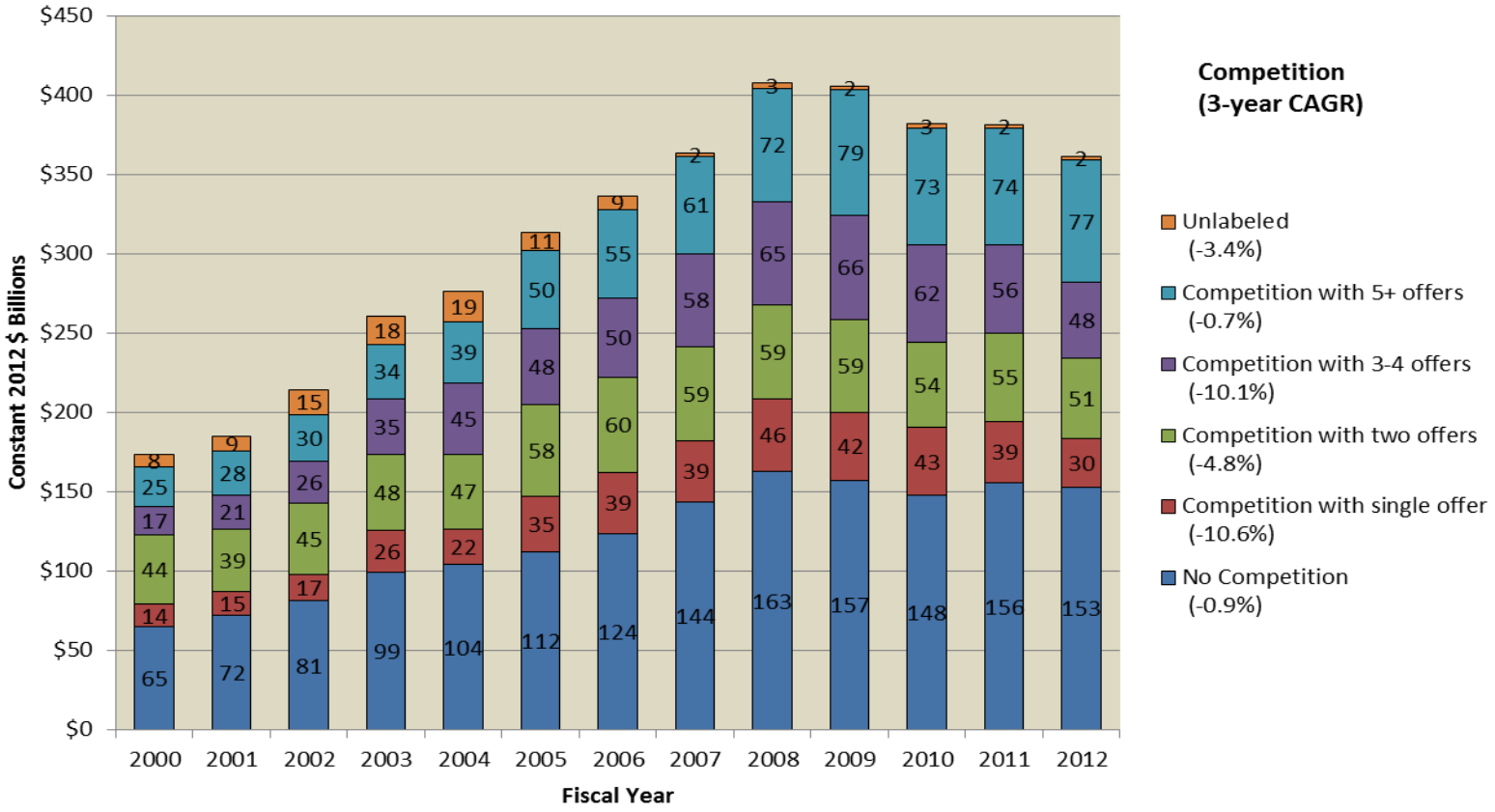
FPDS vs. CSIS Competition Categories Flow Chart



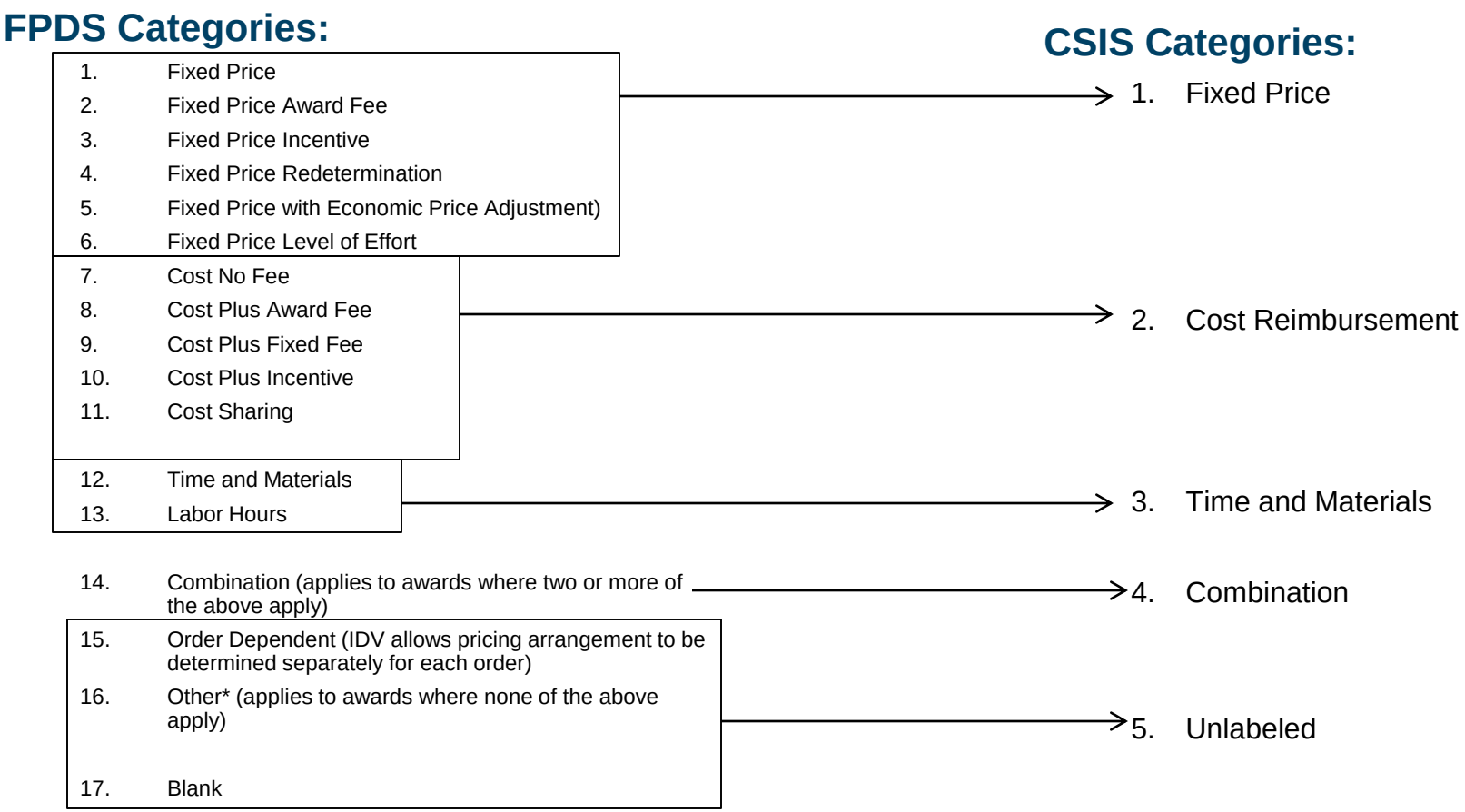
Note: CSIS determines whether multiple or single offers were received for a contract by referring to the "Number of Offers Received" column in FPDS. Thus, IDVs with fair oppportunity given and awards competed (or not) under SAP, a follow on to competed action, or a competitive delivery order, can be either competed with a single or multiple offer.

Source: FPDS; CSIS analysis

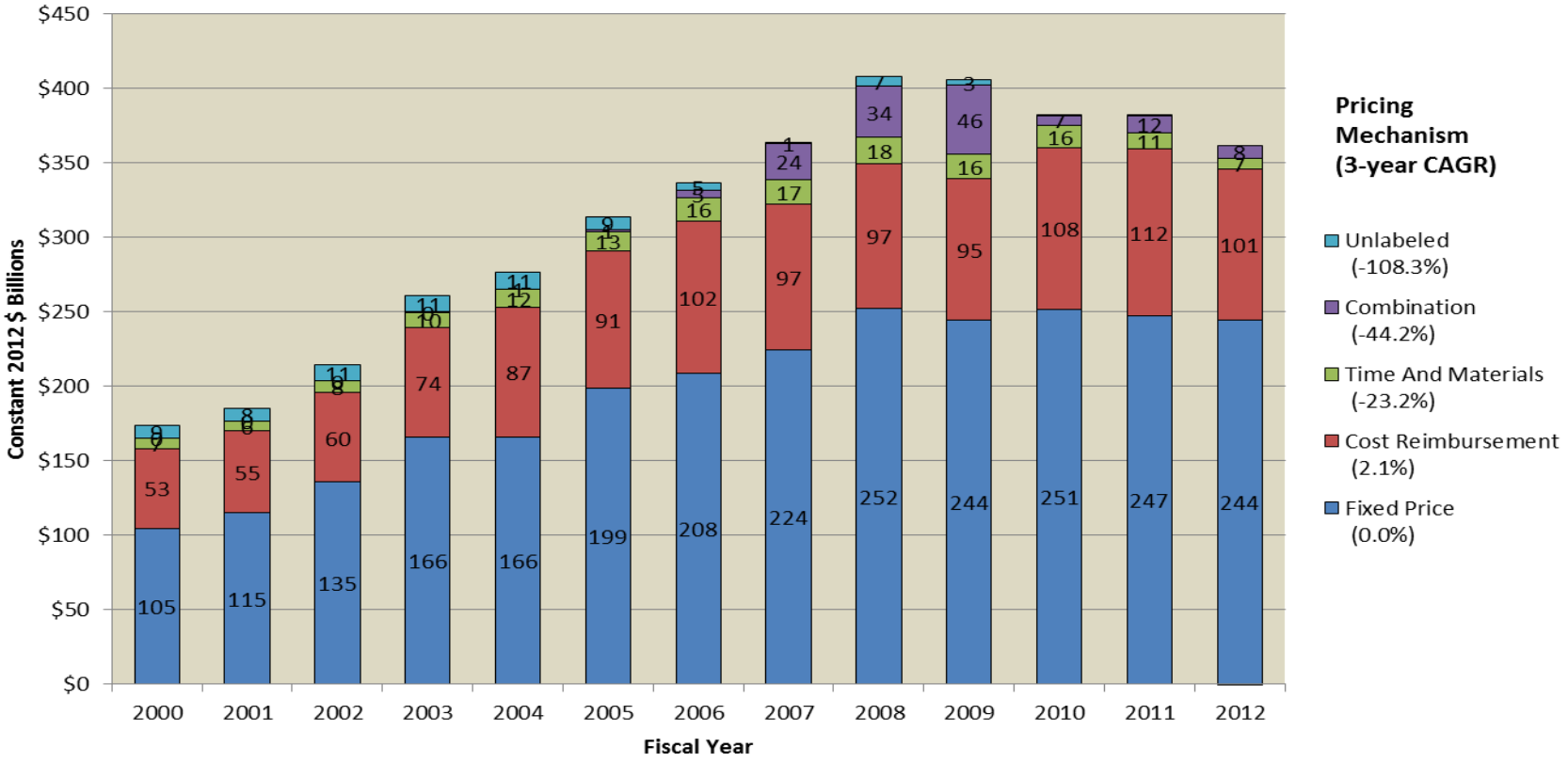
Defense Contract Obligations by Competition, 2000-2012



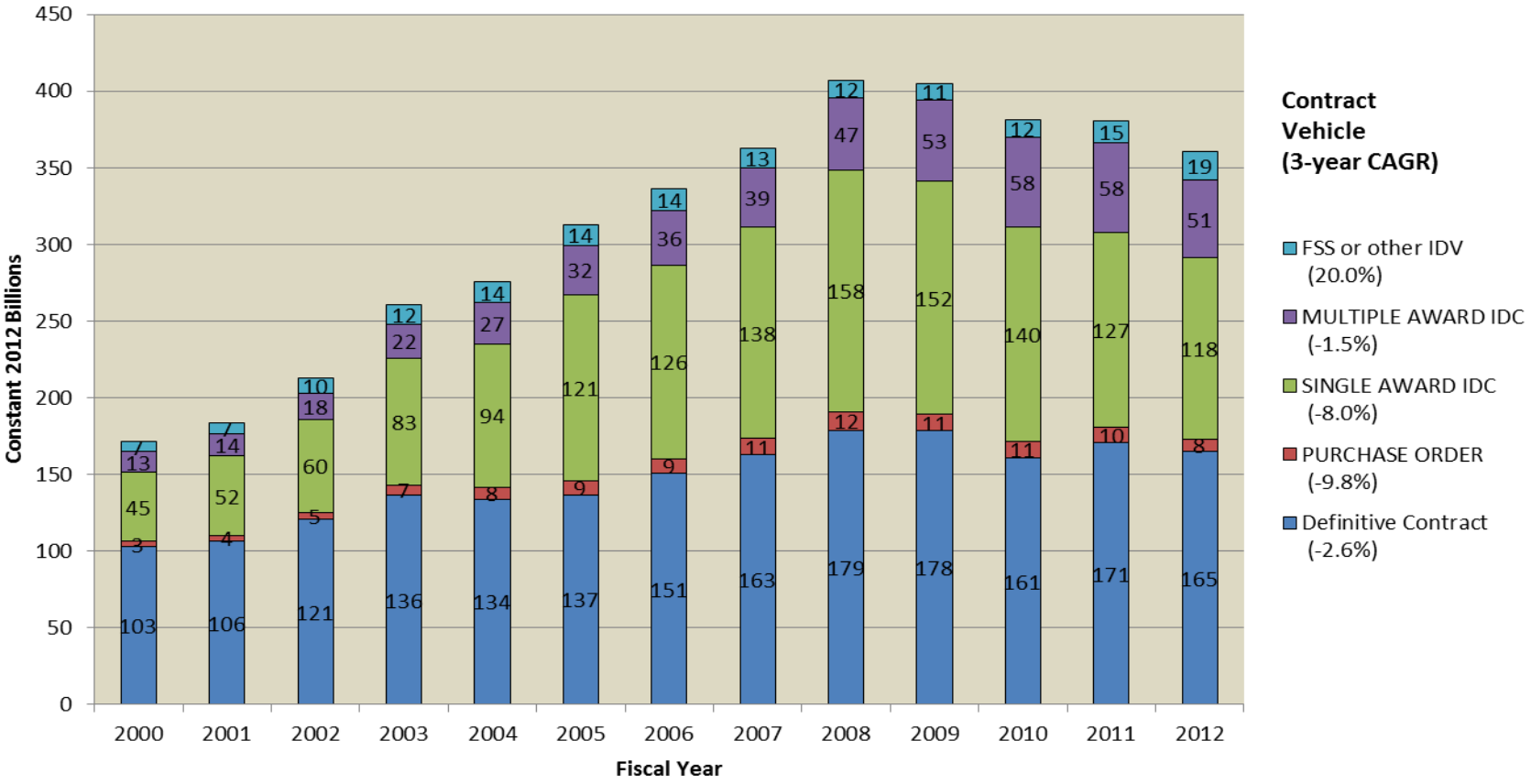
FPDS vs. CSIS Contract Pricing Mechanism Flow Chart



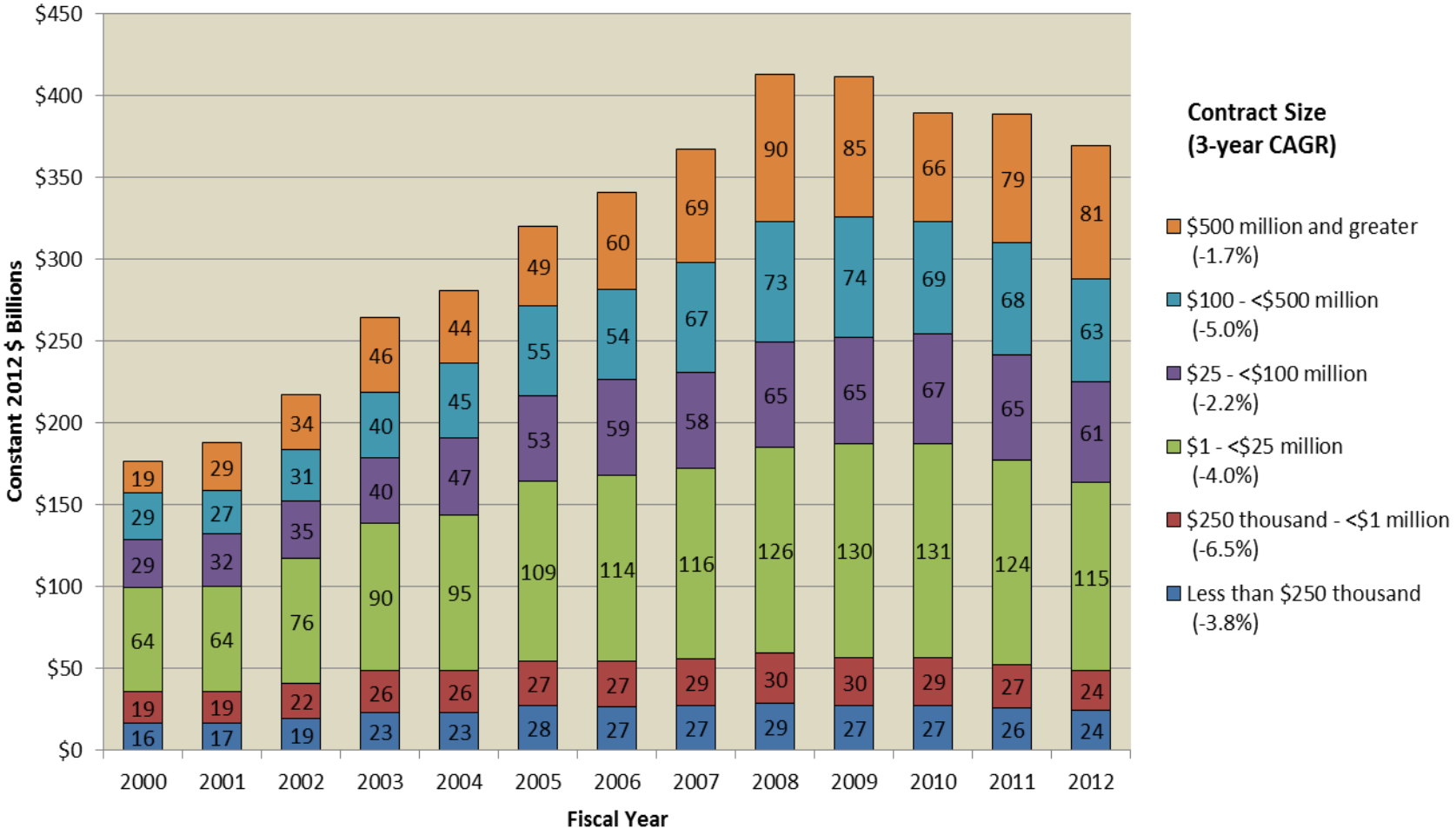
Defense Contract Obligations by Contract Pricing Mechanism, 2000-2012



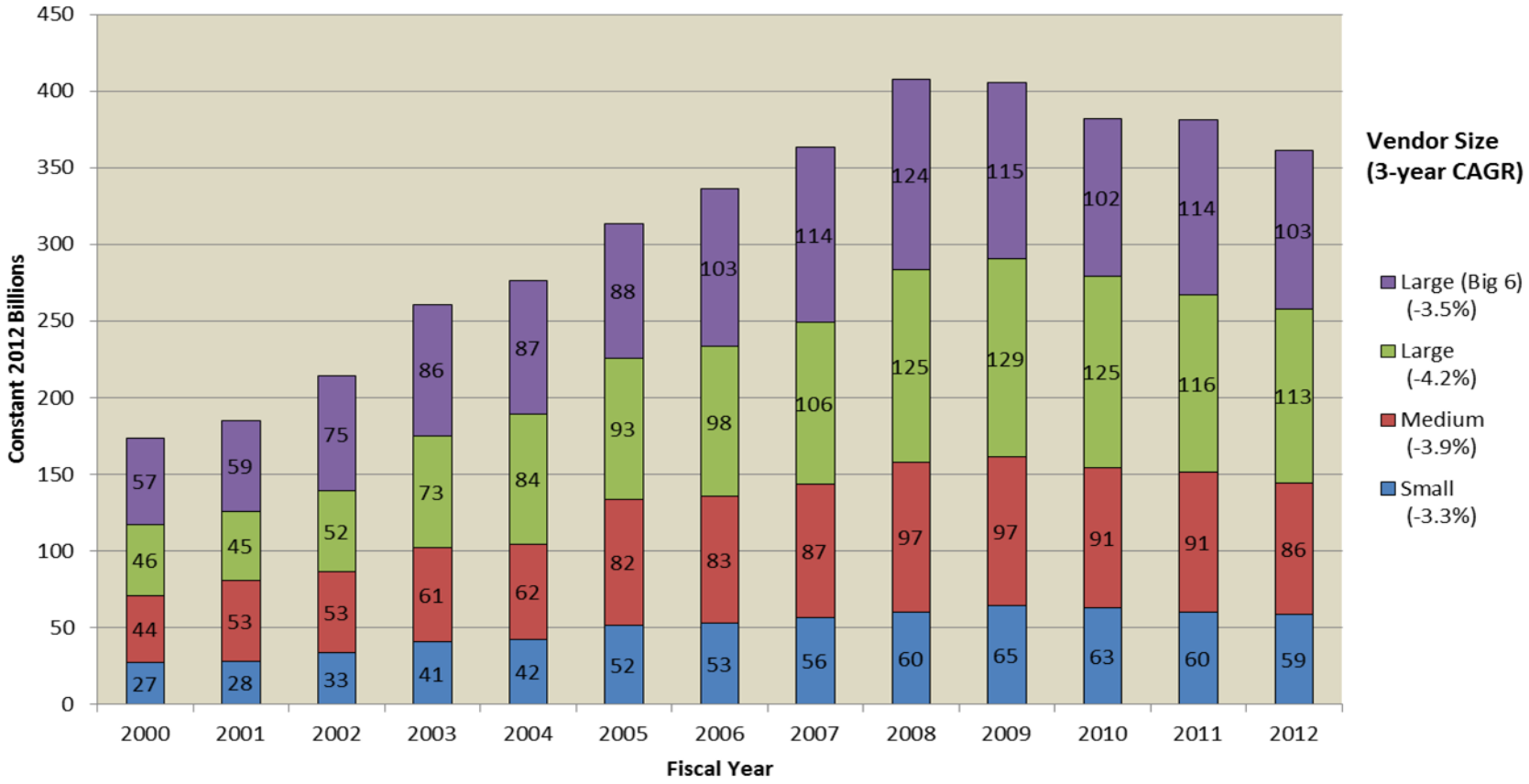
Defense Contract Obligations by Contract Vehicle, 2000-2012



Defense Contract Obligations by Contract Size, 2000-2012



Defense Contract Obligations by Vendor Size, 2000-2012



Top 20 Defense Contractors, 2002 & 2012

Rank	Top 20 Vendors in 2002	Obligations in 2012 Millions	2001 Rank	Top 20 Vendors in 2012	Obligations in 2012 Millions	2011 Rank
1	Lockheed Martin	20,980	1	Lockheed Martin	29,970	1
2	Boeing	20,730	2	Boeing	28,750	2
3	Northrop Grumman	10,890	6	Raytheon	13,640	5
4	Raytheon	10,510	3	General Dynamics	13,330	3
5	General Dynamics	9,680	4	Northrop Grumman	11,260	4
Subtotal for Top 5		**72,790**			**96,950**	
6	United Technologies	4,340	7	United Technologies	7,580	7
7	SAIC	2,750	8	L3 Communications	6,500	8
8	TRW	2,260	9	BAE Systems	6,370	6
9	Health Net	2,120	14	Huntington Ingalls Industries	5,670	-
10	BAE Systems	1,980	11	SAIC	5,150	9
11	General Electric	1,760	10	Humana	3,470	12
12	Humana	1,630	38	TriWest Healthcare	3,010	13
13	Honeywell	1,620	17	Health Net	2,930	15
14	Dyncorp	1,520	25	Bell-Boeing Joint Project Office*	2,890	18
15	United Defense Industries	1,470	34	Royal Dutch Shell	2,840	53
16	Computer Sciences Corp.	1,360	12	Supreme Group	2,830	25
17	ITT	1,330	16	Dyncorp International	2,800	16
18	Bechtel	1,290	18	Booz Allen Hamilton	2,600	19
19	Textron	1,150	24	Bechtel	2,520	20
20	URS	1,140	15	BP	2,510	32
Total for Top 20		**100,500**			**156,630**	
Total for all industry		**213,930**			**360,910**	

Policy Implications

- **What are the sources of R&D decline within DoD?**
- **What is responsible for the rise in the share of R&D contract obligations awarded under fixed price contract types?**
- **How successfully have the DoD components implemented guidance to increase competition in contracting?**
- **How do rates of effective competition vary by size of contract?**

What are the sources of R&D decline within DoD?

- Within the Army, the entire decline between 2009 and 2012 can be tied to operational systems development for the Future Combat Systems ($2.8 billion in 2009, -$180 million in 2012). Excepting FCS, Army R&D has only declined by 4 percent since 2009.

- For the Navy, nearly the entirety of the decline in R&D can be traced to a few specific MDAPs:
  - Advanced engineering for DD(X)
  - Operational aircraft R&D for the Joint Strike Fighter
  - Operational systems development for the MUOS satellite program
  - Defense aircraft (Operational) R&D that is not associated with any specific MDAP in FPDS, but which we believe is tied to JSF.

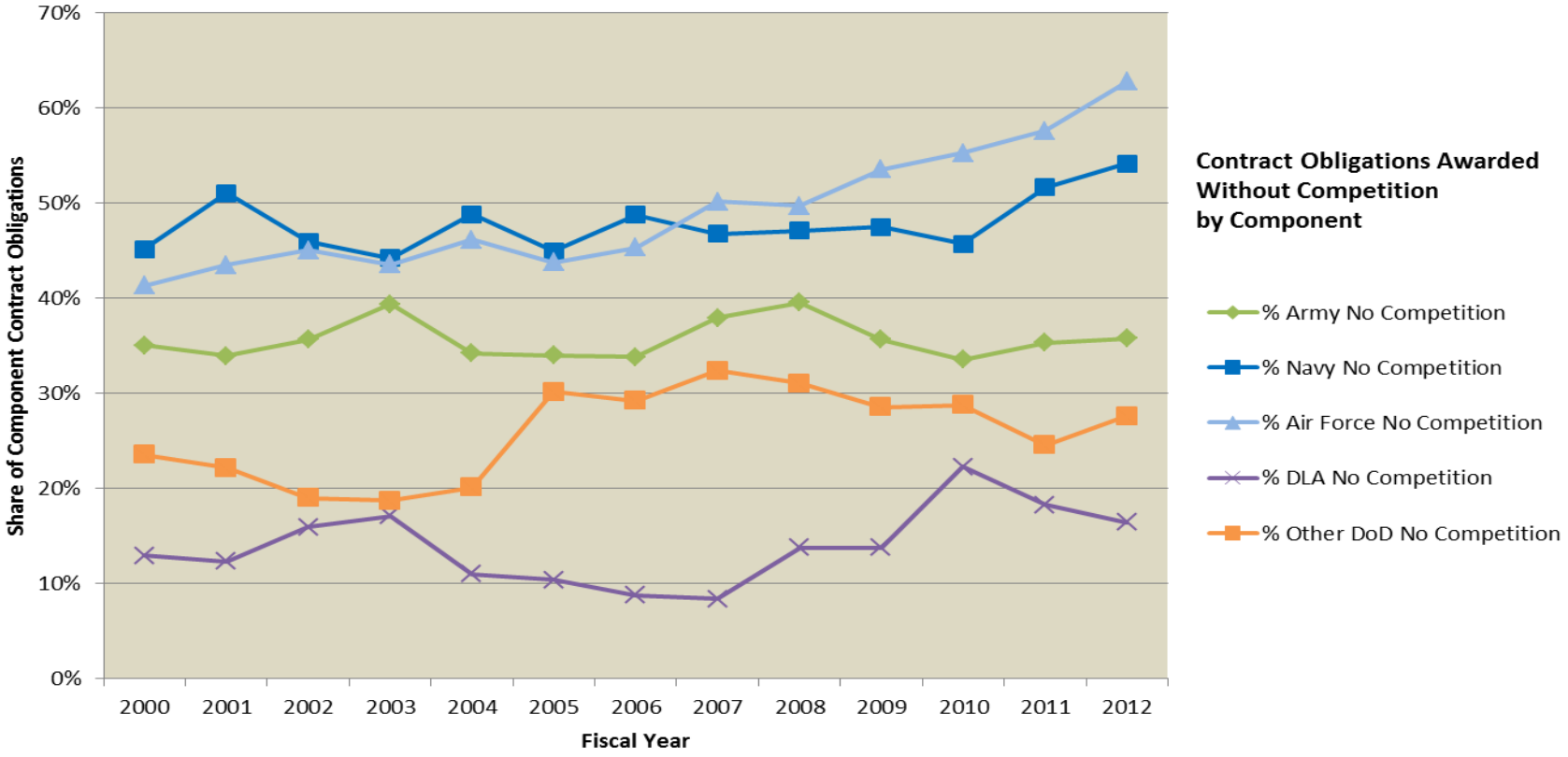
- **Overall, it seems clear that the declines in DoD R&D contract obligations since 2009 are tied to the cancellation or maturation from R&D to procurement accounts of specific MDAPs.**

What is responsible for the rise in the share of R&D contract obligations awarded under fixed price contract types?

- Army and Air Force were the two biggest sources for increases in fixed price R&D contracting.
  - **Army:** The share of R&D obligated under fixed price rose from 13 percent in 2009 to 27 percent in 2012, with half of that independent of data labeling improvements. (A similar but less dramatic increase was seen for the Navy.)
  - **Air Force:** The share of R&D obligated under fixed price rose from 12 percent in 2009 to 29 percent in 2012, totally independent from data labeling improvements. (A similar but less dramatic increase was seen for Other DoD.)

- The most notable increases in fixed price R&D contract obligations were in missile and space systems, and for applied/exploratory research.

How successfully have the DoD components implemented guidance to increase competition in contracting?



How do rates of effective competition vary by size of contract?