FY 2003 Federal Procurement Spending

And Its Impact on

The Washington Area Economy in 2004 and Beyond

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The Washington Area Economy in 2004 and Beyond

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Dear Reader,

On behalf of First Horizon Bank, I am proud to have been involved with this study conducted by Dr. Stephen Fuller of George Mason University. At First Horizon Bank, we are committed to providing objective data and advice to Washington area consumers and businesses. In fact, it's a cornerstone of our business. As a longtime banker in the Washington region, I know the value the federal government brings to the area. Therefore, we believe the findings of this study are key pieces of data and will be integral for many area businesses and industries for their planning and marketing needs.

The success of the Washington area continues to flourish and it is a leader among the nation. First Horizon Bank is thrilled to have joined this thriving region and look forward to seeing what tomorrow will bring.

I hope you'll find the information in this study as valuable and useful as it is intended.

Sincerely,

Terrie G. Spiro
First Horizon Bank
Regional President

EXECUTIVE SUMMARY:

FY 2003 FEDERAL PROCUREMENT SPENDING
AND ITS IMPACT ON
THE WASHINGTON AREA ECONOMYIN 2004 AND BEYOND

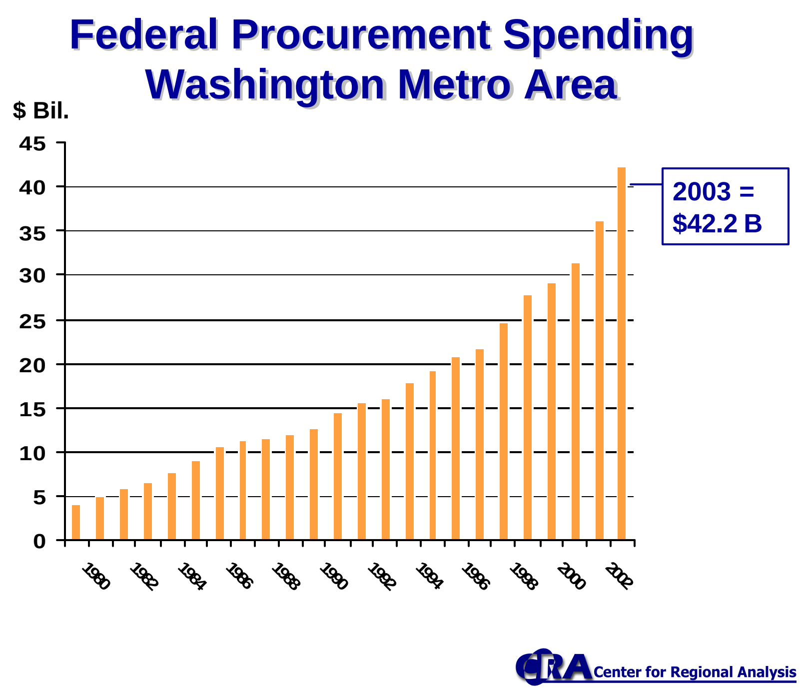
This report is a joint effort of the researchers at GMU's Center for Regional Analysis and the analysts at Delta Associates. It is made possible by a grant from First Horizon Bank. It is the first look at recently available procurement data and its impact on the Washington area economy. What is clear is the unique relationship between the public and private sectors in Washington and how they work together to make the region the healthiest metro economy in the nation.

National Context

15% of Federal procurement outlays nationwide take place in the Washington metro area, up from 4% in 1980. It is likely that the share of the national Federal procurement market captured by businesses located in the Washington region will continue to grow due to the type of services sought by the government and the unique capabilities of contractors found here. This bodes extremely well for the future economic prospects of the region.

Procurement Activity: FY 2003

Procurement in FY 2003 totaled $42.2 billion in the Washington metro area – up 16.9%, or $6.1 billion. This is the largest dollar gain on record and exceeds the 15.9% gain in 1991 following the first Gulf War.



<u>Regional Economic Impact</u>

$42.2 billion in procurement supports 294,000 private sector contractor jobs – approaching the level of federal workers currently at 346,600. This spending also indirectly supports more than 600,000 other jobs in the Washington region as a result of what economists call a “multiplier effect”.

And the increase of $6.1 billion in procurement last year explains why our region held up so well while other metros continued to struggle. That level of procurement increase in FY 2003 generated the need for 42,500 net new jobs in the region.

31,000 out of 82,000 of the new jobs created in the 12 months ending in June 2004 were in Professional and Business Services in the region. This is not unrelated to the pattern of procurement spending for services – 75% of the total in FY 2003.

Interstate Competition

Not all parts of the metro area benefit equally from Federal procurement activity. ***Northern Virginia has been winning the procurement race since records have been kept in 1980.*** For example, of the $42.2 billion in procurement activity in FY2003, 52.6% went to Northern Virginia firms – up $4.6 billion, or 27% from a year earlier. 76% of the $6.1 billion increase of the region was captured by Northern Virginia.

Fairfax County (including Falls Church and Fairfax City), with $13.6 billion in procurement in FY 2003, enjoyed higher levels of procurement activity than either Suburban Maryland or the District.

Federal Procurements by Substate Area
Washington Metro Area
FY2002 and FY2003
(Dollars in Thousands)

Area	FY2002	FY2003	Dollar Change	Percent Change
The District	$10,616,135	$ 11,099,716	$ 483,581	4.56%
Suburban Maryland	$ 7,942,158	$ 8,892,427	$ 950,269	11.96%
Northern Virginia	$17,511,196	$ 22,167,757	$4,656,561	26.59%
Fairfax County	$ 7,324,595	$ 9,581,069	$2,256,474	30.81%
Balance of Northern Virginia	$10,186,601	$ 12,586,688	$2,400,087	23.56%
Washington PMSA Total	$36,069,489	$ 42,159,900	$6,090,411	16.89%

Note: Series may not sum to Totals due to independent rounding.
Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston.

Interagency Comparison

The Department of Defense is the largest single source of procurement dollars in the region – accounting for $18.5 Billion, or 44% of the total – up $2.6 billion from last year.

GSA, HHS and Homeland Security ranked 2nd, 3rd, and 4th.

Homeland Security

The Homeland Security Agency was born and came of age as a result of the 9/11/01 terrorist attacks. Pre-9/11, the agency had a procurement budget of $1 billion. By FY 2003, the procurement budget had ramped up to $2.5 billion.

Contractors: 61 Fat Cats

Just 61 contractors account for $19.4 billion of contracting activity in the region – or 46% of the regional total. 61 contractors out of a total of 12,519! The top 10:

SAIC
CSC
Booz Allen
Northrop Grumman
Lockheed Martin
EDS
IBM
NCS Pearson
UNISYS
Accenture

In Summary

Federal procurement spending has been and will continue to be important to the growth and vitality of the Washington regional economy. The extraordinary ramp up in procurement spending to fight the *War on Terrorism* was instrumental in the region's robust economic performance since 9/11/01, while metro economies elsewhere floundered. We expect these conditions to continue for the foreseeable future.

REPORT FINDINGS

Federal Procurement Spending in the Washington Area Exceeds $42 billion During FY 2003

Federal procurement spending in the Washington metropolitan area during fiscal year 2003 totaled $42.2 billion. This total spending by the federal government for the purchase of goods and services provided by local contractors exceeded the total value of procurement in 2002 by $6.1 billion, for an increase of 16.9 percent. This $6.1 billion gain was the largest one-year gain ever surpassing the previous record increase of $4.7 billion set in 2002.

The importance of federal spending to the area's economic health has been previously established (see Fuller, "The Impact of Federal Procurement in the National Capital Region, NCPC, October 2002, pp. 36-37). Gains in the Washington area's gross regional product (GRP) have a 0.956 correlation with changes in federal spending for payroll and procurement with procurement spending being twice as important in explaining this correlation as payroll.

Consequently, it can be concluded that this record-setting increase in federal procurement substantially explains the strong performance of the metropolitan area economy in 2003 when its gross regional product grew by 4.1 percent while the national economy (GDP) gained only 3.1 percent. This economic strength is seen in the area's low 3.4 percent unemployment rate in 2003, which was the lowest rate of any major metropolitan area in the nation, and in its continuing strong job growth performance, which was the best among the nation's major metropolitan areas in 2003 and, in 2004 through mid-year, has been the best among all metro areas nationwide generating more than two times as many new jobs as the second best metropolitan area.

Historic Procurement Trends

Federal procurement spending in the Washington area is not only the greatest among all metropolitan areas but it also exceeds the total for any state. This has not always been the case. The importance of federal procurement spending to the growth of the Washington area economy can be seen in its historic growth patterns. Federal procurement spending in the Washington metropolitan area totaled $4.2 billion in 1980 and accounted for approximately 4 percent of procurement outlays nationwide. In 1980, the Washington area economy had an estimated value of $57.35 billion (in 1980 $s) with federal procurement spending directly accounting for 7.0 percent.

Between 1980 and 2003, federal procurement spending in the Washington area increased by a factor of 10 (not adjusted for inflation) while the area economy (GRP) increased to $286.55 billion (in 2003 $s) or by a factor of 5. The $42.2 billion in federal procurement outlays in 2003 accounted for 14.7 percent of the Washington area's GRP and represented 15 percent of federal procurement outlays nationwide. Not only has federal procurement spending become increasingly important to the vitality of the Washington area economy, the Washington area and its federal contractor base have become increasingly dominant within the national federal market place.

Federal Procurement in 2003

Federal procurement spending in the Washington metropolitan area registered its largest ever one-year gain in FY 2003 – increasing $6.1 billion from FY 2002. This increase surpasses the previous one-year record set just last year when federal procurement spending increased $4.7 billion from 2001 to 2002 and was more than three times the average annual increase ($2.05 billion) in federal procurement spending over the past 10 years. Not only was this the largest annual dollar increase in procurement awards, it was also the largest percentage gain since the mid-1980s (when total award value was less than $10 billion). This year's 16.9 percent increase broke the record of 15.9 percent set in 1991, reflecting a one-year surge in federal procurement spending during the first Gulf War.

The fundamental characteristics of federal procurement spending in 2003 as compared to 2002 are presented in Table 1.

Table 1

Federal Contractors and Contracting in the Washington Area*
FY 2002 and 2003
(in billions of current dollars)

Characteristics	2002	2003	Change	% Change
Number of Contractors (1)	11,295	12,519	1,224	10.8
Number of Awards (2)	106,934	133,762	26,828	25.1
Value of Awards (Billions)	$36.07	$42.16	$6.090	16.9
Average Award Value (3)	$336,306	$315,186	- $21,120	- 6.3
Gross Regional Product (Billions)	$269.70	$286.55	$16.85	6.2**

Sources: Federal Procurement Data Center and GMU Center for Regional Analysis. *District of Columbia, Calvert, Charles, Frederick, Montgomery, And Prince George's Counties in Maryland, and Arlington, Fairfax, Loudoun, Prince William and Stafford Counties and independent cities of Alexandria, Falls Church, Fairfax, Manassas and Manassas Park in Virginia.

**real percent change (inflation adjusted) was 4.1 percent
(1) distinct contracting entities defined by Dun and Bradstreet number
(2) new obligations, (3) actual dollar value

The large increase in federal procurement spending in 2003 reflects substantial gains in both the number of contractors and the number of contracts as well as a small decline in average contract value. Rather than being attributable to just a few new large-value contracts, this gain appears to reflect more contracting; that is, more out-sourcing by the Federal Government.

There were 12,519 federal contractors in 2003 up 10.8 percent from 2002. Compared to 1990, when there were 7,689 federal contractors located and doing federal work in the Washington area, the number of contractors in 2003 has increased 61 percent. This suggests that the contracting gains in 2003 are more systemic than event driven or one-time outlays and, as a result, reflect an on-going policy favoring outsourcing that will continue in the future. With more and more federal contractors locating in the Washington area in order to better serve their federal clients, it is likely that the share of the national federal procurement market captured by businesses located in the Washington area will also continue to grow.

Federal contracting in the Washington area is not evenly distributed among its sub-state portions. This geographic pattern of procurement continued in 2003, as shown in Table 2. Federal contractors located in the suburbs dominate the federal procurement market accounting for almost three-quarters of the total and 92 percent of the gain in 2003. Federal contracting is also not distributed across the suburbs evenly. In Northern Virginia, federal contractors captured 2.5 times the contract value of contractors located in Suburban Maryland. Contractors in Northern Virginia captured $22.2 billion of the area's total contract value, or 52.6 percent, while federal contractors located in the District of Columbia accounted for 26.3 percent. Those located in Suburban Maryland accounted for 21.1 percent.

Table 2

Federal Procurement Spending in the
Washington Metropolitan Area, FY 2002 and 2003
(in billions of current dollars)

Sub-State Area	2002	2003	Change	% Change*
District of Columbia	$10.62	$11.10	$0.484	4.5
Suburban Maryland	7.94	8.89	0.950	12.0
Northern Virginia	17.51	22.17	4.656	26.6
Total Metro Area	$36.07	$42.16	$6.090	16.9

Sources: Federal Procurement Data Center and GMU Center for Regional Analysis. Note: federal procurement totals exclude purchases by the US Postal Service, the FAA, and inter-agency purchases. *percent change based on unrounded data.

Over the period from 1980 to 2002, contractors located in Northern Virginia have accounted for 48.4 percent of the $371.8 billion in total federal awards or $180.0 billion. Adding the $42.2 billion in federal procurement spending to the area's accumulated total from 1980 to 2002 brings the 24-year total to $414.0 billion and Northern Virginia's share to 48.8 percent. It is interesting to note that federal procurement spending in 2003 accounted for 10 percent of this 24-year total.

Within the Suburban Maryland and Northern Virginia portions of the metropolitan area, the distribution of federal contractors varies widely (see Appendix Table 1 for a jurisdictional breakout). Among the counties, Fairfax County had the largest procurement total in 2003 ($9.6 billion) and also the largest increase from 2002, a gain of $2.256 billion. Fairfax County's gain accounted for almost one-half of the contract value increase for all Northern Virginia's jurisdictions and one-third of the region's total gain. Taken by itself, federal contract value in Fairfax County exceeded the combined contract value of all five counties in Suburban Maryland. And, if the contract values for Fairfax City and Falls Church were added to the Fairfax County total (many city addresses are actually within the county), its $13.56 billion total would exceed the contracting total in the District of Columbia by $2.5 billion or 22 percent.

Among the other suburban jurisdictions, Montgomery County ranks second with $4.855 billion but its contract value increased only 2.9 percent from 2002. Arlington County ranked third with $4.5 billion and had a gain from 2002 of 21.8 percent.

The answer to the question "why has procurement spending grown to be so big in the Washington area?" is found in the composition of the area's federal purchases. As shown in Table 3, services dominate local federal sales. In 2003, $31.6 billion or 75 percent of all outlays were for services. Services have always dominated local federal purchases although they have become slowly more dominant over time. In 1990, for example, services accounted for 58 percent of total sales of $12.6 billion.

Table 3

Federal Procurement by Type of Purchase, FY 2002 and 2003
(in billions of current dollars)

Type of Procurement	2002	2003	Change	% Change*
Research & Development	$4.47	$4.28	- $0.19	- 4.2
Services	25.46	31.57	6.11	24.0
Supplies & Equipment	6.14	6.31	0.17	2.8
Total Procurement	$36.07	$42.16	$6.09	16.9

Sources: Federal Procurement Data Center and GMU Center for Regional Analysis. *percent change based on unrounded data. See Appendix Tables 2-4 for sub-state and Defense and Non-defense agency details.

Not only does this pattern of federal procurement reflect the strength of the Washington area economy, it has reinforced the local economy's comparative advantage in the provision of technology-intensive and knowledge-based services. Service providers benefit from having geographic proximity with their clients that permits easy (and regular) face-to-face contact. In contrast, suppliers of equipment and products can ship their goods to their clients and do not benefit in the same way as service providers from proximity. R&D in the Washington area, accounting for approximately 10 percent of total awards, functions more like services than products/supplies in terms of the types of contractors, building spaces and labor force skills they reflect.

Each of the three major procurement categories is dominated by just a few large groups of services or products. The largest groupings and those experiencing the largest increases in awards in 2003 are presented in Table 4. One quarter (25.8%) of all federal procurement outlays was for professional, administrative and management services. Outlays for these services increased $3.3 billion or 42.8 percent in 2003. This increase in spending for this single category exceeds the annual average total gain of $2.05 billion in federal spending over the last ten years by 50 percent.

Table 4

Major Sources of Federal Procurement Spending Increases, 2003
(in billions of current dollars)

Major Procurement Categories	2003 Value	Change From 2002	
		Dollar	Percent*
Professional, Administrative & Management Services	$10.904	$3,268	42.8
ADP/Telecommunications Services	11.697	1.906	19.5
Transportation/Travel Services	1.503	0.400	36.3
Communication/Detection Equip.	1.001	0.249	33.1
Special Studies/Analyses	0.923	0.228	32.9
Housekeeping Services	0.781	0.208	36.2
Maintenance/Repair of Equipment	0.744	0.169	29.3
Medical Supplies/Equipment	0.248	0.161	185.0
Social Services	0.184	0.102	122.9

Sources: Federal Procurement Data Center and GMU Center For Regional Analysis. *percent change based on unrounded data. See Appendix Tables 5-7 for a detailed listing of product and service contract awards.

This increased federal spending for professional services helps to explain the size and strong performance of the professional and business services employment category in the Washington area over the last year. While accounting for 25 percent of the area's job base it has consistently been generating between 35 and 40 percent of the new jobs. During the 12-month period ending in June 2004, professional and business services added 31,000 jobs out of the area's 82,000-job increase accounting for 37.8 percent of the overall gain.

The largest source of contact activity, accounting for the second largest dollar gain, was ADP/Telecommunications Services. In 2003, its total contract value increased by $1.9 billion to a total of $11.7 billion.

These two categories of services combine to account for $22.6 billion in total contract awards and represent 53.6 percent of all federal contract awards. In 2003 these two service categories experienced value gains totaling $5.15 billion accounting for 85 percent of the year's overall gain of $6.1 billion. The dominance of these two categories of contracting has been steadily increasing over time, accounting for more of the total and more of the annual gain. In 1990, these two categories of purchases accounted for 28.7 percent of total federal contracting and 39.1 percent of the annual gain between 1990 and 1991.

Other major sources of federal spending reflect either increased spending relating to the War on Terrorism or the operations of the federal establishment (federal employment has increased by 10,600 workers since 9/11 after losing 60,600 during the 7/1993-9/2001 period). Transportation/travel services, as in 2002, reflects spending associated with chartering civilian aircraft to deploy US military personnel to the Middle East. While these outlays are centralized in the Washington area, their impact on the local economy is small compared to the normal mix of contracted services. Communications and detection equipment was also a big winner. These two categories appear to have increased in large part due to the War in Iraq and to the War on Terrorism. The same is true of the large increase in spending for medical supplies and equipment. Of the $161 million increase, DOD accounted for $101.0 million or almost 63 percent while HHS (NIH) accounted for $44.6 million of the gain or almost 28 percent.

Federal government operations continue to be a major source of federal spending in the Washington area. Spending on housekeeping (the federal government owns or leases 82 million square feet of office space in the area), for maintenance and repair of equipment, and on benefits (social services) for the federal workforce also experienced large gains in 2003. This gain is partially explained by the growth of the federal work force and the increased outsourcing to local contractors for federal employee services.

Federal procurement spending in the Washington area is dominated by just a few agencies. Those federal agencies having at least $1 billion in local procurement awards are presented in Table 5.

While these eight agencies accounted for 80 percent of all procurement outlays, Defense remains the largest single source of local procurement awards accounting for 44 percent of the total. However, even with its $2.6 billion increase in contracting in 2003, DOD's share held steady with its 2002 share at 44 percent. Over the years, as outsourcing of services has become accepted practice across all federal agencies, DOD's share of local contractor awards has declined. DOD's dominance of local procurement spending peaked in 1985 at 65.2 percent. By 1990, DOD spending accounted for 58.1 percent of total procurement awards. Ironically, DOD procurement spending in the Washington area hit its lowest percent (40.9%) in FY 2001.

DOD contractors are concentrated in Northern Virginia and, as a result, DOD has historically accounted for a higher percentage of contract value in Northern Virginia than in the other two sub-state areas. In 1985, 76.6 percent of all procurement awards (by value) in Northern Virginia were from the Department of Defense. By 2003, with DOD awards in Northern Virginia totaling $14.2 billion out of a total of $22.2 billion, this dominance had diminished to 64.1 percent but is still 20 percentage points greater than the region's average. In comparison, DOD spending in the District totaled only $1.75 billion in 2003 and accounted for just 15.8 percent of its total (in 1985, DOD's share was 34.2%). In Suburban Maryland, DOD awards totaled $2.58 billion and accounted for 29.0 percent of its total (in 1985, DOD's share was 60.4%).

Table 5

Federal Agencies With At Least $1 Billion in Procurement Awards
In the Washington Metropolitan Area, FY 2002 and 2003
(in billions of current dollars)

Agency	2002	2003	Change	% Change*
Defense	$15.90	$18.53	$2.63	16.7
GSA	5.06	5.80	0.74	14.8
HHS	2.48	3.15	0.67	27.0
Justice	1.79	1.38	- 0.41	- 22.9
Treasury	2.02	1.30	- 0.72	- 35.7
Interior	.55	1.27	0.72	130.7
Transportation	1.61	1.19	- 0.42	- 26.1
NASA	1.26	1.18	- 0.08	- 5.8
Sum of 8 Agencies	$30.67	$33.80	$3.13	10.2
All Agencies	$36.07	$42.16	$6.09	16.9
8 Agencies/Total	85.3	80.2		

Sources: Federal Procurement Data Center and GMU Center for Regional Analysis.
*percent change based on unrounded data. Note. The Department of Homeland Security was not reported independently; rather its component Agencies were still included in their home Departments in the 2003 data or Grouped under Other Agencies that showed an increase from $802 million to $2.644 billion in 2003.The agencies comprising the Department of Homeland Security are presented in Table 6.

GSA remained the second largest source of procurement spending in the Washington area with total outlays of $5.8 billion, up $745 million from 2002. GSA procurement awards to District vendors accounted for almost 40 percent of GSA's total but were down by $420 million (-15.8%) in 2003. In contrast, GSA contracting with vendors based in Suburban Maryland more than doubled, increasing by $1.3 billion (105.7%) and in Northern Virginia GSA's awards totaled $2.7 billion for a gain of $836 million (44.4%). Agency spending by sub-state jurisdiction is presented for all major agencies in Appendix Tables 9-12.

Homeland Security

The Department of Homeland Security was officially established on November 25, 2002. The new Department combined twenty-two pre-existing agencies into four divisions and also included the Secret Service and Coast Guard as separate divisions bringing its total number of previously separate administrative units to twenty-four. The new Department is reported to have an employment base approaching 200,000 workers with approximately 10 percent of these jobs located within the Washington metropolitan area.

Even though the new Department has been independent for more than a year, its contracting data are still not reported separately. Rather, the agencies that now comprise the Department continue to have their contract awards reported as part of their previous home department or they have been moved to the "Other Agencies" category. Consequently, some of the spending reported by agency in Table 5 includes contracts that would have been reported under the Department of Homeland Security if it had been reported independently.

As was done for the analysis of federal procurement in 2002 (Fuller, "Federal Spending, Especially on Security, Kept Washington Economy Growing in 2002", Brookings Institution, September 2003), the contracting activity of individual agencies having independent contracting authority and that are now part of the Department of Homeland Security were identified and are presented in Table 6. Many of the smaller units that were transferred to the Department of Homeland Security were previously parts of larger agencies and cannot be reported independently. Only the nine agencies reported here could be identified as separate contracting units in 2003 and earlier years. In 2004, the Department of Homeland Security should be a stand-alone agency for reporting procurement contracting activity.

As shown in Table 6, local procurement by the Department of Homeland Security in the Washington area totaled $2.5 billion in 2003 and was down 5 percent from its 2002 total. Had procurement spending for the Department of Homeland Security been reported separately in 2003, the Department would have ranked fourth in the Washington area following DOD, GSA, and HHS (see Table 5). In 2002, these agencies that are now part of the Department of Homeland Security had experienced a 167.1 percent increase in their local procurement outlays reflecting accelerated purchases in response to the War on Terrorism in the aftermath of the September 11, 2001 terrorist attacks.

A comparison of changes in these agencies' procurement patterns shows continuing growth in spending by FEMA, the Federal Law Enforcement Training Center, the US Export Administration and the US Coast Guard. Three agencies experienced decreased procurement outlays: Immigration and Naturalization Service, US Customs Service and the Secret Service. In 2002 all three of these agencies had experienced substantial procurement spending increases. Procurement spending in the Washington area by the Immigration and Naturalization Service had increased 59.4 percent while local contracting by the Secret Service had grown by 58.6 percent. Local procurement spending by the US Customs Service had increased the most of all Homeland Security agencies in 2002 gaining 262.3 percent.

An examination of procurement spending by the Immigration and Naturalization Service shows that reductions in outlays for two types of service accounted for 84 percent of the 2003 decrease in local procurement value – data entry services and systems development services. For the US Secret Service, its largest decreases in local purchases included communications equipment, information systems equipment, and miscellaneous instruments. For the US Customs Service, one category (ADP/Telecommunications Equipment) explains 82 percent of its decrease in local procurement outlays. In each of these cases these decreases may reflect one-time outlays in the preceding year that did not need to be duplicated in the next year; possibly the consequence of the agency's ramping up to fight the War on Terrorism.

This pattern of procurement spending spanning the 2001, 2002, and 2003 fiscal years is consistent with the formation of a new department responding to a new mission. During fiscal year 2001, prior to September 11th, these agencies' local procurements totaled only $995.3 million. During 2002, in the aftermath of 9/11, their procurement outlays ramped up to $2.66 billion, for a 167.1 percent increase. Now, two years beyond 9/11, with Homeland Security in its full operating mode, its procurements from local vendors are still substantially greater (153.6%) than before 9/11 and reflect the newly gained importance of this Department as a continuing source of procurement contracting in the Washington area. These outlays do not include grants to local and state governments.

Table 6

Procurement Outlays by the Agencies Included in
The Department of Homeland Security, FY 2002 and 2003
(in millions of current dollars)

Agency	**2003**	**Change 2002 - 03**	**% Change**
Animal/Plant Health Inspection	$19.827	$1.864	10.4
FEMA*	320.914	59.615	22.8
Fed law Enforce't Training Center	13.441	6.928	106.4
Immigration & Naturalization	117.460	- 506.645	- 81.2
TSA**	1,277.654	587.249	85.1
U. S. Customs	119.110	- 476.313	- 80.0
U. S. Export Administration	11.523	9.032	362.6
U. S. Secret Service	56.351	- 20.937	- 27.1
U. S. Coast Guard	588.065	205.172	53.6
Total of 9 Agencies	$2,524.345	- $134.035	- 5.0

Sources: Federal Procurement Data Center and GMU Center for Regional Analysis. *FEMA = Federal Emergency Management Agency,
**TSA = Transportation Security Administration. Note: While there were a total of 24 agencies combined to create the Department of Homeland Security on November 25, 2002, many of these did not have independent budget authority in their parent agency and so their procurement outlays cannot be included in this tabulation. The Department of Homeland Security will be an inclusive federal procurement reporting unit in the FY 2004 file.

Major Contractors

An analysis of major federal contractors, defined here as firms receiving at least one contract during FY 2003 totaling $100 million or more, confirms that not only is federal contracting dominated by a small number of federal agencies with concentrated purchases in several large categories of products and services but this contract activity is also dominated by a small number of contractors.

As shown in Appendix Table 17, sixty-one federal contractors (because contractors are identified by their Dun and Bradstreet identification number, several independent establishments may be owned by the same parent corporation) received at least one prime contract having a total value of $100 million for work to be undertaken – place of performance – in the Washington metropolitan region. These sixty-one contractors accounted by one-half of one percent (0.49%) of all federal contractors receiving contract awards during 2003 for work performed in the Washington area.

These sixty-one contractors received a total of 38,336 contract awards (this count includes deobligations) accounting for 26.7 percent of all contract awards in the Washington area during the year. The contract value of these awards received by these sixty-one contractors was $19.4 billion or 46.0 percent of total value of all federal procurement awards. In summary, sixty-one federal contractors, representing one-half percent of all Washington area federal contractors, accounted for 26.7 percent of all contract awards and 46.0 of total contract value in 2003 in the Washington area.

Conclusions

Federal procurement contracting in the Washington area increased by $6.1 billion in 2003 to a total of $42.2 billion surpassing the $36.1 billion achieved in 2002 and significantly exceeding last year's record-setting gain of $4.7 billion. These large gains in federal procurement spending in the area over the past two years, totaling $10.8 billion, help to explain the regional economy's continued strength while the national economy was struggling to grow. This is reflected in the Washington area economy's strong performance in 2003 when gross regional product, the value of goods and services produced locally, increase 4.1 percent while the US economy was growing only 3.1 percent. This increase in federal procurement awards to local contractors also helps explain why the Washington region has had the lowest unemployment rate among all metropolitan areas in the nation month after month throughout the downturn in the nation's business cycle and why job growth through the first half of 2004 has led the nation with recent gains running more than double the next closest metro area.

These gains in federal contracting reflect increased outlays associated with the wars in Afghanistan and Iraq and the ramp up of spending associated with the War on Terrorism as illustrated by local spending growth by the new Department of Homeland Security. This growth in federal procurement also reflects a systematic increase in outsourcing of work by all federal agencies to the private sector. In the Washington area, this outsourcing has been concentrated in services and, within the broad service category, on professional and management and technology-intensive services. Also, as the federal workforce has increased since September 2001 adding more than 10,000 new jobs following nine years of downsizing that cost the Washington area more than 60,000 federal jobs, federal contracting to support the expanding federal workforce has increased.

The impact of federal procurement spending on the Washington area economy is well established. Where its direct contribution to the area's gross regional product was only 7.0 percent in 1980, it is now 14.7 percent. However, while the entire regional economy has benefited from this infusion of increased federal procurement spending, these benefits are not evenly shared across the area's sub-state portions. Because federal contractors historically have concentrated their location in Northern Virginia, it has captured a disproportional share of federal contract awards. In 2003, contractors located in Northern Virginia accounted for 52.6 percent of the region's total of $42.2 billion and captured 76.4 percent of the $6.1 billion increase.

This uneven distribution of federal procurement activity across the region is not new (48.8% of all procurement dollars since 1980, more than $202 billion, have been captured by contractors located and doing their work in Northern Virginia) and has resulted in uneven economic growth across the region. During the last decade, Northern Virginia generated approximately two new jobs for every new job added in Suburban Maryland (the District lost jobs due to downsizing of the federal workforce), and so far this year through six months, job gains in Northern Virginia are outpacing job gains in Suburban Maryland and the District of Columbia at ratios of 3 to 1 and 10 to 1 ratio, respectively. Federal procurement spending in the Washington area has been and continues to be a powerful source of economic growth and should be closely monitored by local jurisdictions, regional organizations and the states for changes that could undermine their short- and long-term economic vitality.

APPENDIX

Table 1: Federal Procurements by Substate Area, FY2002 and FY2003
(Dollars in Thousands)

Area	FY2002	FY2003	Change	Percent Change
Washington, DC	10,616,135	11,099,716	483,581	4.56%
Calvert County	4,906	8,114	3,208	65.39%
Charles County	34,831	55,173	20,342	58.40%
Frederick County	382,735	793,347	410,612	107.28%
Montgomery County	4,716,931	4,855,565	138,634	2.94%
Prince Georges County	2,802,755	3,180,228	377,473	13.47%
Suburban Maryland	7,942,158	8,892,427	950,269	11.96%
Alexandria City	1,413,234	1,773,625	360,391	25.50%
Fairfax City	2,305,761	2,709,275	403,514	17.50%
Falls Church City	934,320	1,269,668	335,348	35.89%
Manassas City	508,086	516,039	7,953	1.57%
Manassas Park City	997	418	-579	-58.07%
Arlington County	3,704,737	4,513,445	808,708	21.83%
Fairfax County	7,324,595	9,581,069	2,256,474	30.81%
Loudoun County	926,824	1,543,832	617,008	66.57%
Prince William County	372,144	251,143	-121,001	-32.51%
Stafford County	20,498	9,243	-11,255	-54.91%
Northern Virginia	17,511,196	22,167,757	4,656,561	26.59%
Washington PMSA Total	36,069,489	42,159,900	6,090,411	16.89%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 2: Federal Procurements By Substate Area and Type, FY2002 and FY2003
(Dollars in Thousands)

Type of Procurement	FY2002 Amount	FY2002 Percent of Total	FY2003 Amount	FY2003 Percent of Total	Percent Change FY'02 - FY'03
Washington, D.C.					
Research & Development	832,809	7.84%	370,294	3.34%	-55.54%
Services	8,478,945	79.87%	9,471,105	85.33%	11.70%
Supplies & Equipment	1,304,381	12.29%	1,258,316	11.34%	-3.53%
TOTAL	10,616,135	100.00%	11,099,716	100.00%	4.56%
Suburban Maryland					
Research & Development	1,473,099	18.55%	1,412,663	15.89%	-4.10%
Services	4,816,818	60.65%	5,929,253	66.68%	23.09%
Supplies & Equipment	1,652,241	20.80%	1,550,511	17.44%	-6.16%
TOTAL	7,942,158	100.00%	8,892,427	100.00%	11.96%
Northern Virginia					
Research & Development	2,164,435	12.36%	2,498,694	11.27%	15.44%
Services	12,162,102	69.45%	16,164,383	72.92%	32.91%
Supplies & Equipment	3,184,659	18.19%	3,504,680	15.81%	10.05%
TOTAL	17,511,196	100.00%	22,167,757	100.00%	26.59%
Washington PMSA					
Research & Development	4,470,343	12.39%	4,281,651	10.16%	-4.22%
Services	25,457,865	70.58%	31,564,741	74.87%	23.99%
Supplies & Equipment	6,141,281	17.03%	6,313,507	14.98%	2.80%
TOTAL	36,069,489	100.00%	42,159,900	100.00%	16.89%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 3: Federal Procurements By Substate Area, Type, and Defense/Nondefense, FY2002 (Dollars in Thousands)

Type of Procurement	Defense Amount	Defense Percent of Total	Nondefense Amount	Nondefense Percent of Total	Total Amount	Total Percent of Total
Washington, D.C.						
R&D	182,877	9.59%	649,932	7.46%	832,809	7.84%
Services	1,481,727	77.73%	6,997,218	80.34%	8,478,945	79.87%
Products	241,635	12.68%	1,062,746	12.20%	1,304,381	12.29%
TOTAL	1,906,239	100.00%	8,709,896	100.00%	10,616,135	100.00%
Suburban Maryland						
R&D	647,525	24.82%	825,574	15.48%	1,473,099	18.55%
Services	1,321,870	50.67%	3,494,948	65.53%	4,816,818	60.65%
Products	639,524	24.51%	1,012,717	18.99%	1,652,241	20.80%
TOTAL	2,608,919	100.00%	5,333,239	100.00%	7,942,158	100.00%
Northern Virginia						
R&D	1,992,988	17.51%	171,447	2.80%	2,164,435	12.36%
Services	7,717,673	67.80%	4,444,429	72.53%	12,162,102	69.45%
Products	1,672,843	14.70%	1,511,816	24.67%	3,184,659	18.19%
TOTAL	11,383,504	100.00%	6,127,692	100.00%	17,511,196	100.00%
Washington PMSA						
R&D	2,823,390	17.76%	1,646,953	8.17%	4,470,343	12.39%
Services	10,521,270	66.18%	14,936,595	74.05%	25,457,865	70.58%
Products	2,554,002	16.06%	3,587,279	17.78%	6,141,281	17.03%
TOTAL	15,898,662	100.00%	20,170,827	100.00%	36,069,489	100.00%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 4: Federal Procurements By Substate Area, Type, and Defense/Nondefense, FY2003 (Dollars in Thousands)

Type of Procurement	Defense Amount	Defense Percent of Total	Nondefense Amount	Nondefense Percent of Total	Total Amount	Total Percent of Total
Washington, D.C.						
R&D	212,892	12.26%	157,402	1.68%	370,294	3.34%
Services	1,327,406	76.42%	8,143,699	86.98%	9,471,105	85.33%
Products	196,682	11.32%	1,061,634	11.34%	1,258,316	11.34%
TOTAL	1,736,980	100.00%	9,362,735	100.00%	11,099,716	100.00%
Suburban Maryland						
R&D	554,815	22.20%	857,848	13.42%	1,412,663	15.89%
Services	1,184,463	47.40%	4,744,791	74.21%	5,929,253	66.68%
Products	759,763	30.40%	790,748	12.37%	1,550,511	17.44%
TOTAL	2,499,041	100.00%	6,393,387	100.00%	8,892,427	100.00%
Northern Virginia						
R&D	1,968,073	14.45%	530,621	6.21%	2,498,694	11.27%
Services	9,728,129	71.41%	6,436,254	75.32%	16,164,383	72.92%
Products	1,926,566	14.14%	1,578,115	18.47%	3,504,680	15.81%
TOTAL	13,622,768	100.00%	8,544,990	100.00%	22,167,757	100.00%
Washington PMSA						
R&D	2,735,781	15.32%	1,545,870	6.36%	4,281,651	10.16%
Services	12,239,997	68.54%	19,324,744	79.52%	31,564,741	74.87%
Products	2,883,011	16.14%	3,430,497	14.12%	6,313,508	14.98%
TOTAL	17,858,789	100.00%	24,301,111	100.00%	42,159,900	100.00%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 5: Federal Procurements of Services, Washington, PMSA, FY2002 and FY2003 (Dollars in Thousands)

Service (Ranked by FY2003 Value)	FY2002	FY2003	Change	Percent Change
ADP & Telecommunication	9,790,554	11,696,607	1,906,053	19.47%
Prof., Admin., & Mgt. Support	7,636,162	10,904,166	3,268,004	42.80%
Transportation & Travel	1,102,935	1,503,356	400,421	36.31%
Facility Construction	1,201,042	968,133	-232,909	-19.39%
Special Studies and Analyses	694,220	922,683	228,463	32.91%
Housekeeping Services	573,554	781,162	207,608	36.20%
Maint., Repair, and Rebuilding of Equip.	575,074	743,665	168,591	29.32%
Property M&R	695,013	739,395	44,382	6.39%
Facility Lease or Rental	892,640	712,990	-179,650	-20.13%
Educ., & Tng. Services	496,806	533,621	36,815	7.41%
Architect & Engineering Services	482,584	515,791	33,207	6.88%
Medical Service	364,189	309,842	-54,347	-14.92%
Govt. Facility Operation	156,570	216,636	60,066	38.36%
Social Services	82,742	184,457	101,715	122.93%
Utilities	150,970	170,342	19,372	12.83%
Equip. Lease or Rental	160,264	135,199	-25,065	-15.64%
Technical Rep. Service	51,554	132,381	80,827	156.78%
Quality Control, Testing, Inspection	114,042	104,822	-9,220	-8.08%
Natural Resources Mgt.	105,075	97,833	-7,242	-6.89%
Equipment Installation	58,171	80,216	22,045	37.90%
Photo., Mapping, Pntg., & Pub. Serv.	753	55,362	54,609	7252.19%
Salvage Service	24,672	43,767	19,095	77.40%
Equipment Modification	30,366	10,070	-20,296	-66.84%
Facility Purchase Services	17,913	2,244	-15,669	-87.47%
Total Services	25,457,865	31,564,741	6,106,876	23.99%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 6: Federal Procurements of Supplies & Equipment, Washington PMSA, FY2002 and FY2003 (Dollars in Thousands)

Supplies & Equipment (Ranked by FY2003 Value)	FY2002	FY2003	Change	Percent Change
General Purpose ADP Equip., Software, Supplies, & Support Equip.	3,071,412	3,148,949	77,537	2.52%
Communication, Detection, & Coherent Radiation Equip.	752,267	1,001,194	248,927	33.09%
Medical, Dental, & Vet. Equip. & Supplies	87,007	247,982	160,975	185.01%
Ground Effect Vehicles, Motor Vehicles, Trailers, Cycles	177,457	205,167	27,710	15.62%
Miscellaneous Products	102,643	189,503	86,860	84.62%
Training Aids & Devices	77,841	171,743	93,902	120.63%
Furniture	151,004	137,939	-13,065	-8.65%
Electric Wire, & Power & Distribution Equip.	44,030	123,473	79,443	180.43%
Instruments & Lab. Equip.	313,733	116,766	-196,967	-62.78%
Alarm, Signal, & Security Detection Systems	139,476	100,492	-38,984	-27.95%
Electric & Electronic Components	91,893	72,255	-19,638	-21.37%
Ships, Small Craft, Pontoons, & Floating Docks	54,715	69,137	14,422	26.36%
Books, Maps, & Other Publications	37,961	66,973	29,012	76.43%
Clothing, Individual Equip., & Insignia	29,414	64,972	35,558	120.89%
Office Machines, Text Processing Systems, etc.	37,997	61,547	23,550	61.98%
Hardware & Abrasives	36,652	47,593	10,941	29.85%
Special Industry Machinery	134,454	46,817	-87,637	-65.18%
Chemicals & Chemical Products	213,584	39,427	-174,157	-81.54%
Office Supplies & Devices	21,119	34,188	13,069	61.88%
Photographic Equip.	24,053	32,339	8,286	34.45%
Engines, Turbines, & Components	21,275	30,258	8,983	42.22%
Space Vehicles	11,497	27,804	16,307	141.84%
Subsistence	46,855	25,583	-21,272	-45.40%
Measuring Tools	63,540	21,854	-41,686	-65.61%
Food Preparation & Serving Equip.	8,749	17,254	8,505	97.21%
Weapons	8,344	16,057	7,713	92.44%
Prefab. Structures & Scaffolding	6,425	15,451	9,026	140.48%
Containers, Packaging, & Packing Supplies	2,129	14,571	12,442	584.41%
Fuels, Lubricants, Oils, Waxes	79,271	13,835	-65,436	-82.55%
Firefighting, Rescue, & Safety Equip.	5,236	12,501	7,265	138.75%
Const. & Building Materials	6,428	10,127	3,699	57.55%

Supplies & Equipment (Ranked by FY2003 Value)	FY2002	FY2003	Change	Percent Change
H'hold & Commercial Furnishing & Appliances	7,613	9,734	2,121	27.86%
Ammunition & explosives	54,532	9,631	-44,901	-82.34%
Fiber Optics	11,040	8,522	-2,518	-22.81%
Aircraft & Airframe Structural Components	5,940	7,851	1,911	32.17%
Lumber, Millwork, Plywood, Veneer	2,871	6,511	3,640	126.79%
Const., Mining, Excavating, & H'way Maint. Equip.	17,157	6,294	-10,863	-63.32%
Refrig., A/C. & Air Circ. Equip.	5,510	5,325	-185	-3.36%
Water Purification & Sewage Treatment Equip.	18,120	4,981	-13,139	-72.51%
Textiles Leather, Furs, Apparel, Tents, Flags	2,004	4,835	2,831	141.27%
Valves	2,044	4,743	2,699	132.05%
Aircraft Components & Accessories	33,727	4,444	-29,283	-86.82%
Vehicular Equip. Components	1,792	3,931	2,139	119.36%
M&R Shop Equipment	4,413	3,664	-749	-16.97%
Fire Control Equipment	1,388	3,427	2,039	146.90%
Lighting Fixtures & Lamps	922	3,241	2,319	251.52%
Engine Accessories	2,985	3,227	242	8.11%
Ship & Marine Equipment	3,473	3,172	-301	-8.67%
Plumbing, Heating, & Sanitation Equip.	1,157	3,169	2,012	173.90%
Materials Handling Equipment	5,746	3,105	-2,641	-45.96%
Hand Tools	3,456	2,714	-742	-21.47%
Guided Missiles	5,074	2,671	-2,403	-47.36%
Service & Trade Equip.	4,451	2,650	-1,801	-40.46%
Nonmetallic Fabricated Materials	50,307	2,407	-47,900	-95.22%
Musical Instruments, Phonographs., & Home-Type Radios	3,699	2,203	-1,496	-40.44%
Furnace, Steam Plant, Drying Equip., & Nuclear Reactors	1,579	1,818	239	15.14%
Cleaning Equip. & Supplies	4,147	1,581	-2,566	-61.88%
Mechanical Power Trans. Equip.	2,715	1,402	-1,313	-48.36%
Pumps & Compressors	2,134	1,387	-747	-35.00%
Aircraft Launching, Landing, & Ground Handling Equip.	12,446	1,357	-11,089	-89.10%
Metalworking Machinery	2,617	1,341	-1,276	-48.76%
Brushes, Paints, Sealers, Adhesives	1,145	1,304	159	13.89%
Recreational & Athletic Equipment	0	1,102	1,102	#N/A
Agricultural Machinery	149	1,046	897	602.01%
Tractors	573	790	217	37.87%
Pipe, Tubing, Hose, & Fittings	802	651	-151	-18.83%

Supplies & Equipment (Ranked by FY2003 Value)	FY2002	FY2003	Change	Percent Change
Bearings	0	623	623	#N/A
Agricultural Supplies	772	532	-240	-31.09%
Live Animals	828	528	-300	-36.23%
Metal Bars, Sheets, and Shapes	393	526	133	33.84%
Railway Equipment	1,186	468	-718	-60.54%
Toiletries	73	368	295	404.11%
Ores, Minerals, & Their Primary Products	356	232	-124	-34.83%
Rope, Cable, Chain, & Fittings	121	130	9	7.44%
Nuclear Ordnance	852	63	-789	-92.61%
Tires & Tubes	0	46	46	#N/A
Woodworking Machinery & Equip.	511	5	-506	-99.02%
				#N/A
Total Supplies & Equipment	6,141,281	6,313,508	172,227	2.80%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 7: Federal Procurements of R&D, Washington, PMSA, FY2002 and FY2003 (Dollars in Thousands)

Type of R&D (Ranked by FY2003 Value)	FY2002	FY2003	Change	Percent Change
Defense - Other R&D	1,879,496	1,710,223	-169,273	-9.01%
Defense Systems R&D	1,051,006	1,084,637	33,631	3.20%
Space	478,234	459,581	-18,653	-3.90%
Other R&D	447,595	435,974	-11,621	-2.60%
Medical	331,819	271,848	-59,971	-18.07%
General Science & Technology	177,215	226,546	49,331	27.84%
Education	15,737	25,658	9,921	63.04%
General Transportation	29,173	22,914	-6,259	-21.45%
Environmental Protection	19,886	12,612	-7,274	-36.58%
Economic Growth & Productivity	19,986	12,260	-7,726	-38.66%
Modal Transportation	9,275	6,235	-3,040	-32.78%
Community Serv. & Dev. R&D	1,776	4,688	2,912	163.96%
Agriculture R&D	2,160	2,797	637	29.49%
Income Security	1,293	1,469	176	13.61%
Energy	4,680	1,432	-3,248	-69.40%
Housing	0	830	830	#N/A
International Affairs & Cooperation	50	790	740	1480.00%
Social Services	647	623	-24	-3.71%
Natural Resources	315	533	218	69.21%
Total R&D	4,470,343	4,281,651	-188,692	-4.22%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 8: Federal Procurement Trends by Agency, Washington PMSA, FY1991-FY2003
(Dollars in Millions)

Agency	FY1991	FY1992	FY1993	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	Average Annual Growth Rate FY1991 - FY2003
Defense	7,060	7,299	7,612	8,608	8,994	10,937	11,088	11,475	11,808	12,151	12,857	15,899	18,534	8.4%
General Services Admin.	1,333	1,348	1,180	1,667	1,237	1,410	2,077	2,701	2,913	4,708	5,543	5,057	5,804	13.0%
Health & Human Services	744	750	876	474	1,196	1,001	975	1,470	1,371	1,808	1,820	2,477	3,147	12.8%
Other Agencies	528	858	760	490	942	688	684	568	840	660	811	802	2,644	14.4%
Justice	492	523	505	623	733	860	1,011	1,312	1,403	1,364	1,539	1,789	1,379	9.0%
Treasury	525	689	702	776	800	892	843	1,187	1,409	1,586	1,811	2,023	1,301	7.9%
Veterans Affairs	40	78	113	93	231	187	300	328	239	300	435	500	686	26.7%
Transportation	909	852	693	1,137	1,087	1,036	1,244	1,391	831	421	572	1,608	1,189	2.3%
National Aeronautics and Space Agency	897	1,167	1,327	1,216	1,152	1,171	1,165	1,113	1,071	1,060	1,072	1,259	1,186	2.4%
Executive Office of the President	262	93	338	363	311	290	26	334	436	384	565	271	1,134	13.0%
State	291	277	288	293	325	294	297	341	490	561	854	810	914	10.0%
Commerce	156	248	237	304	390	368	414	691	648	1,337	663	836	748	14.0%
Interior	102	104	124	189	117	74	104	153	267	185	574	551	1,271	23.4%
Education	96	81	93	125	162	202	247	369	363	459	550	463	508	14.9%
Labor	129	112	132	75	153	121	137	205	251	292	377	378	377	9.3%
Agriculture	112	124	157	188	125	147	131	206	225	154	218	253	372	10.5%
Housing & Urban Development	146	183	146	161	184	199	202	141	300	434	456	425	354	7.7%
Energy	279	434	518	503	720	550	588	277	510	479	374	355	339	1.6%
Environ. Protection Agency	447	381	289	323	298	355	199	314	292	272	311	315	273	-4.0%
Total	14,548	15,601	16,090	17,608	19,153	20,783	21,730	24,761	25,668	28,616	31,402	36,069	42,160	10.2%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 9: Federal Procurements by Agency, Washington PMSA, FY2002 and FY2003
(Dollars in Thousands)

Agency	FY2002	FY2003	Change	Percent Change
Defense	15,898,662	18,533,796	2,635,134	16.57%
Nondefense	20,170,827	23,626,103	3,455,276	17.13%
Agriculture	252,531	372,459	119,928	47.49%
Commerce	835,726	748,086	-87,640	-10.49%
Education	462,888	508,226	45,338	9.79%
Energy	354,840	339,293	-15,547	-4.38%
Environmental Protection Agency	314,629	272,728	-41,901	-13.32%
Executive Office of the President	271,073	1,134,197	863,124	318.41%
General Services Admin.	5,057,007	5,803,925	746,918	14.77%
Health & Human Services	2,477,238	3,147,032	669,794	27.04%
Housing & Urban Development	424,974	353,524	-71,450	-16.81%
Interior	551,045	1,271,172	720,127	130.68%
Justice	1,788,829	1,378,516	-410,313	-22.94%
Labor	377,736	377,182	-554	-0.15%
National Aeronautics and Space Agency	1,258,990	1,185,507	-73,483	-5.84%
State	810,008	914,405	104,397	12.89%
Transportation	1,608,115	1,188,751	-419,364	-26.08%
Treasury	2,023,182	1,301,183	-721,999	-35.69%
Veterans' Affairs	499,994	685,891	185,897	37.18%
Other Agencies	802,022	2,644,026	1,842,004	229.67%
Total Procurements	36,069,489	42,159,900	6,090,411	16.89%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 10: Federal Procurements by Agency, Washington, D.C., FY2002 and FY2003
(Dollars in Thousands)

Agency	FY2002	FY2003	Change	Percent Change
Defense	1,906,239	1,753,101	-153,138	-8.03%
Nondefense	8,709,896	9,346,616	636,720	7.31%
Agriculture	128,802	243,264	114,462	88.87%
Commerce	59,644	64,227	4,583	7.68%
Education	236,378	221,047	-15,331	-6.49%
Energy	42,922	41,109	-1,813	-4.22%
Environmental Protection Agency	68,973	32,684	-36,289	-52.61%
Executive Office of the President	264,827	1,127,117	862,290	325.61%
General Services Admin.	2,668,226	2,248,022	-420,204	-15.75%
Health & Human Services	358,969	293,726	-65,243	-18.18%
Housing & Urban Development	360,858	285,901	-74,957	-20.77%
Interior	96,895	328,471	231,576	239.00%
Justice	871,990	866,850	-5,140	-0.59%
Labor	190,720	191,258	538	0.28%
National Aeronautics and Space Agency	62,519	77,177	14,658	23.45%
State	379,533	454,206	74,673	19.67%
Transportation	1,055,190	869,725	-185,465	-17.58%
Treasury	1,284,895	601,405	-683,490	-53.19%
Veterans' Affairs	164,770	253,572	88,802	53.89%
Other Agencies	413,785	1,146,855	733,070	177.16%
Total Procurements	10,616,135	11,099,716	483,581	4.56%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 11: Federal Procurements by Agency, Suburban Maryland, FY2002 and FY2003 (Dollars in Thousands)

Agency	FY2002	FY2003	Change	Percent Change
Defense	1,922,377	2,582,855	660,478	34.36%
Nondefense	4,192,359	6,309,572	2,117,213	50.50%
Agriculture	45,096	47,153	2,057	4.56%
Commerce	226,553	321,635	95,082	41.97%
Education	207,627	230,258	22,631	10.90%
Energy	135,083	162,537	27,454	20.32%
Environmental Protection Agency	54,626	77,880	23,254	42.57%
Executive Office of the President	1,087	1,322	235	21.62%
General Services Admin.	566,747	834,189	267,442	47.19%
Health & Human Services	1,228,289	2,526,717	1,298,428	105.71%
Housing & Urban Development	37,798	35,101	-2,697	-7.14%
Interior	100,508	162,887	62,379	62.06%
Justice	172,714	175,542	2,828	1.64%
Labor	46,272	66,071	19,799	42.79%
National Aeronautics and Space Agency	880,896	934,685	53,789	6.11%
State	85,699	142,310	56,611	66.06%
Transportation	48,437	56,316	7,879	16.27%
Treasury	131,511	179,784	48,273	36.71%
Veterans' Affairs	69,208	123,904	54,696	79.03%
Other Agencies	154,208	231,281	77,073	49.98%
Total Procurements	6,114,736	8,892,427	2,777,691	45.43%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 12: Federal Procurements by Agency, Northern Virginia, FY2002 and FY2003
(Dollars in Thousands)

Agency	FY2002	FY2003	Change	Percent Change
Defense	11,383,504	14,197,841	2,814,337	24.72%
Nondefense	6,127,692	7,969,916	1,842,224	30.06%
Agriculture	54,438	82,041	27,603	50.71%
Commerce	410,415	362,223	-48,192	-11.74%
Education	19,201	56,920	37,719	196.44%
Energy	179,634	135,646	-43,988	-24.49%
Environmental Protection Agency	182,400	162,165	-20,235	-11.09%
Executive Office of the President	6,069	5,758	-311	-5.12%
General Services Admin.	1,885,400	2,721,715	836,315	44.36%
Health & Human Services	311,139	326,589	15,450	4.97%
Housing & Urban Development	35,024	32,522	-2,502	-7.14%
Interior	358,471	779,814	421,343	117.54%
Justice	578,149	336,124	-242,025	-41.86%
Labor	131,410	119,853	-11,557	-8.79%
National Aeronautics and Space Agency	153,177	173,644	20,467	13.36%
State	339,731	317,890	-21,841	-6.43%
Transportation	489,233	262,711	-226,522	-46.30%
Treasury	530,491	519,995	-10,496	-1.98%
Veterans' Affairs	250,288	308,415	58,127	23.22%
Other Agencies	213,022	1,265,891	1,052,869	494.25%
Total Procurements	17,511,196	22,167,757	4,656,561	26.59%

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 13: Value of Federal Procurements and Number of Awards by Size Class, Washington PMSA, FY2002 and FY2003 (Dollars in Thousands)

Size Class	Contract Value				Number of Awards				Average Contract Value	
	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	FY2003
Deobligations	-1,815,574	-5.03%	-1,759,903	-4.17%	6,655	5.86	9705	6.76%	-272.8	-181.3
Less than $10,000	59,555	0.17%	99,717	0.24%	15,097	13.29	29499	20.56%	3.9	3.4
$10,000 to $50,000	865,513	2.40%	1,031,976	2.45%	29,070	25.59	36579	25.50%	29.8	28.2
$50,000 to $100,000	1,403,578	3.89%	1,513,634	3.59%	19,895	17.51	21086	14.70%	70.5	71.8
$100,000 to $250,000	3,081,719	8.54%	3,230,992	7.66%	19,645	17.29	20191	14.07%	156.9	160.0
$250,000 to $1,000,000	8,119,836	22.51%	9,097,622	21.58%	16,873	14.85	18624	12.98%	481.2	488.5
$1,000,000 to $5,000,000	10,924,132	30.29%	13,357,372	31.68%	5,462	4.81	6654	4.64%	2,000.0	2,007.4
$5,000,000 and Over	13,430,730	37.24%	15,588,490	36.97%	892	0.79	1129	0.79%	15,056.9	13,807.3
Total	36,069,489	100.00%	42,159,900	100.00%	113,589	100.00	143467	100.00%	317.5	293.9

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 14: Value of Federal Procurements and Number of Awards by Size Class, Washington D.C., FY2002 and FY2003
(Dollars in Thousands)

Size Class	Contract Value				Number of Awards				Average Contract Value	
	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	FY2003
Deobligations	-327,171	-3.08%	-524,989	-4.73%	2,036	5.89%	2,332	5.31%	-160.7	-225.1
Less than $10,000	19,721	0.19%	33,382	0.30%	4,823	13.95%	10,443	23.77%	4.1	3.2
$10,000 to $50,000	285,712	2.69%	344,584	3.10%	9,790	28.32%	13,032	29.66%	29.2	26.4
$50,000 to $100,000	415,230	3.91%	438,575	3.95%	5,910	17.09%	6,145	13.99%	70.3	71.4
$100,000 to $250,000	865,771	8.16%	861,039	7.76%	5,515	15.95%	5,361	12.20%	157.0	160.6
$250,000 to $1,000,000	2,299,447	21.66%	2,314,302	20.85%	4,771	13.80%	4,790	10.90%	482.0	483.2
$1,000,000 to $5,000,000	2,941,400	27.71%	3,117,706	28.09%	1,488	4.30%	1,587	3.61%	1,976.7	1,964.5
$5,000,000 and Over	4,116,025	38.77%	4,515,116	40.68%	242	0.70%	248	0.56%	17,008.4	18,206.1
Total	10,616,135	100.00%	11,099,716	100.00%	34,575	100.00%	43,938	100.00%	307.0	252.6

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 15: Value of Federal Procurements and Number of Awards by Size Class, Suburban Maryland, FY2002 and FY2003
(Dollars in Thousands)

	Contract Value				Number of Awards				Average Contract Value	
Size Class	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	FY2003
Deobligations	-178,517	-2.92%	-201,801	-2.27%	937	4.43%	1,536	4.71%	-190.5	-131.4
Less than $10,000	6,806	0.11%	22,145	0.25%	1,591	7.52%	6,527	20.00%	4.3	3.4
$10,000 to $50,000	189,336	3.10%	261,325	2.94%	6,049	28.58%	8,889	27.24%	31.3	29.4
$50,000 to $100,000	315,833	5.17%	386,188	4.34%	4,474	21.14%	5,413	16.59%	70.6	71.3
$100,000 to $250,000	613,657	10.04%	755,412	8.50%	3,971	18.76%	4,786	14.66%	154.5	157.8
$250,000 to $1,000,000	1,439,515	23.54%	1,893,111	21.29%	3,016	14.25%	3,904	11.96%	477.3	484.9
$1,000,000 to $5,000,000	1,967,208	32.17%	2,725,472	30.65%	972	4.59%	1,352	4.14%	2,023.9	2,015.9
$5,000,000 and Over	1,760,898	28.80%	3,050,575	34.31%	157	0.74%	230	0.70%	11,215.9	13,263.4
Total	6,114,736	100.00%	8,892,427	100.00%	21,167	100.00%	32,637	100.00%	288.9	272.5

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 16: Value of Federal Procurements and Number of Awards by Size Class, Northern Virginia, FY2002 and FY2003 (Dollars in Thousands)

Size Class	Contract Value				Number of Awards				Average Contract Value	
	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	Percent of Total	FY2003	Percent of Total	FY2002	FY2003
Deobligations	-1,340,116	-7.65%	-1,033,113	-4.66%	3,375	6.26%	5,837	8.73%	-397.1	-177.0
Less than $10,000	29,383	0.17%	44,190	0.20%	7,893	14.64%	12,529	18.73%	3.7	3.5
$10,000 to $50,000	363,453	2.08%	426,067	1.92%	12,152	22.53%	14,658	21.91%	29.9	29.1
$50,000 to $100,000	639,542	3.65%	688,871	3.11%	9,026	16.74%	9,528	14.24%	70.9	72.3
$100,000 to $250,000	1,530,586	8.74%	1,614,541	7.28%	9,713	18.01%	10,044	15.02%	157.6	160.7
$250,000 to $1,000,000	4,139,993	23.64%	4,890,209	22.06%	8,569	15.89%	9,930	14.84%	483.1	492.5
$1,000,000 to $5,000,000	5,442,686	31.08%	7,514,194	33.90%	2,741	5.08%	3,715	5.55%	1,985.7	2,022.7
$5,000,000 and Over	6,705,669	38.29%	8,022,799	36.19%	460	0.85%	651	0.97%	14,577.5	12,323.8
Total	17,511,196	100.00%	22,167,757	100.00%	53,929	100.00%	66,892	100.00%	324.7	331.4

Note: Series may not sum to Totals due to independent rounding.

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston

Table 17:Washington Area Contractors Receiving Awards Totaling $100,000,000 Or More, FY 2003

Contractor Name	Total Value Of Awards ($'000)	Number Of Awards
SCIENCE APPLICATIONS INTERNATI	1,530,000	2,181
COMPUTER SCIENCES CORPORATION	971,000	1,321
BOOZ ALLEN HAMILTON INC	920,000	2,045
NORTHROP GRUMMAN INFORMATION T	897,000	1,663
LOCKHEED MARTIN CORPORATION	821,000	614
ELECTRONIC DATA SYSTEMS CORPOR	803,000	3,872
INTERNATIONAL BUSINESS MACHINE	678,000	973
NCS PEARSON, INC	630,000	10
UNISYS CORPORATION	615,000	650
ACCENTURE LLP	567,000	345
GTSI CORP	524,000	4,301
HOPKINS JOHNS UNIVERSITY	492,000	649
INTEGRATED COAST GUARD SYSTEMS	423,000	58
SAIC FREDERICK INC	407,000	5
MCI WORLDCOM INTERNATIONAL INC	405,000	2,813
ANTEON CORPORATION (VA)	381,000	1,178
NORTHROP GRUMMAN SPACE & MISSI	347,000	543
NORTHROP GRUMMAN COMPUTING SYS	325,000	1,682
THE MITRE CORPORATION	321,000	191
DYNCORP	301,000	445
WESTAT, INC	289,000	224
SYSTEMS RESEARCH AND APPLICATI	288,000	481
ACS GOVERNMENT SERVICES, INC.	247,000	197
MANAGEMENT SYSTEMS INTERNATION	242,000	11
DEVELOPMENT ALTERNATIVES, INC	241,000	4
DEVTECH SYSTEMS, INC	240,000	4
JUAREZ & ASSOCIATES INC	240,000	1
RAYTHEON E-SYSTEMS, INC	238,000	350
BEARINGPOINT, L.L.C	235,000	236
B T G, INC	230,000	203
BAE SYSTEMS APPLIED TECHONOLGI	207,000	284
NJVC, LLC	203,000	32
CACI INC FEDERAL	191,000	636
PLANETGOV INC	191,000	1,036
DAIMLERCHRYSLER CORPORATION	189,000	3,854
A T & T CORP	184,000	617
DIGITALNET GOVERNMENT SOLUTION	176,000	454
RS INFORMATION SYSTEMS INC	176,000	343
AMERICAN MANAGEMENT SYSTEMS, I	174,000	333
GENERAL DYNAMICS NETWORK SYSTE	173,000	79
DELMAR SYSTEMS INC	169,000	67
RAYTHEON COMPANY	164,000	58
LOCKHEED MARTIN SERVICES INC	163,000	128
SKANSKA USA BUILDING INC	151,000	6
QSS GROUP, INC	144,000	334

Contractor Name	Total Value Of Awards ($'000)	Number Of Awards
DYNCORP INFORMATION SYSTEMS, L	139,000	150
L-3 COMMUNICATIONS GOVERNMENT	136,000	154
INFORMATION SYSTEMS SUPPORT, I	135,000	353
ORACLE CORPORATION	131,000	472
RADIAN INC	128,000	288
RESOURCE CONSULTANTS, INC	123,000	277
US INVESTIGATIONS SERVICES INC	120,000	62
VSE CORPORATION	117,000	238
NORTHROP GRUMMAN I T T A S C	113,000	151
INSTITUTE FOR DEFENSE ANALYSES	113,000	18
HENSEL PHELPS CONSTRUCTION CO	113,000	37
INTEGIC CORPORATION	110,000	112
MANTECH INTERNATIONAL CORPORAT	109,000	112
KPMG L.L.P.	109,000	251
DIGITAL SYSTEM RESOURCES INC	106,000	108
MANHATTAN CONSTRUCTION COMPANY	102,000	42
Total, Largest Contractors	**19,407,000**	**38,336**
Total, All Contractors	**42,159,900**	**143,467**

Source: Federal Procurement Data Center. Analysis by Stephen S. Fuller and John L. Preston