

## The Value of Defense Contract Spending in New Hampshire - 2017

In fiscal year 2017,<sup>1</sup> defense spending accounted for 2.1 percent of gross domestic product (GDP) in New Hampshire, slightly lower than the national average of 2.3 percent.<sup>2</sup> The share of GDP represents the total spending of all defense contracts and payroll as a share of the state's GDP. This measure provides an understanding of the links between defense spending and a state's economy.

Defense contract spending in the state totaled a \$1.5 billion economic contribution during fiscal year 2017, and was the first time the value had been that high since fiscal

year 2010. Roughly, another \$212.1 million was paid to the 3,169 workers. Total payroll is the gross pay received by all workers, including active duty, civilian, National Guard, and Reserve employees. The total payroll does not include benefits for current or former defense personnel.

Another perspective to evaluating an area's dependence on defense contract spending and the associated economic effect of changes in spending is the defense spending per resident measure. Defense spending per resident in New Hampshire was \$1,308, ranking 20<sup>th</sup> highest among the states

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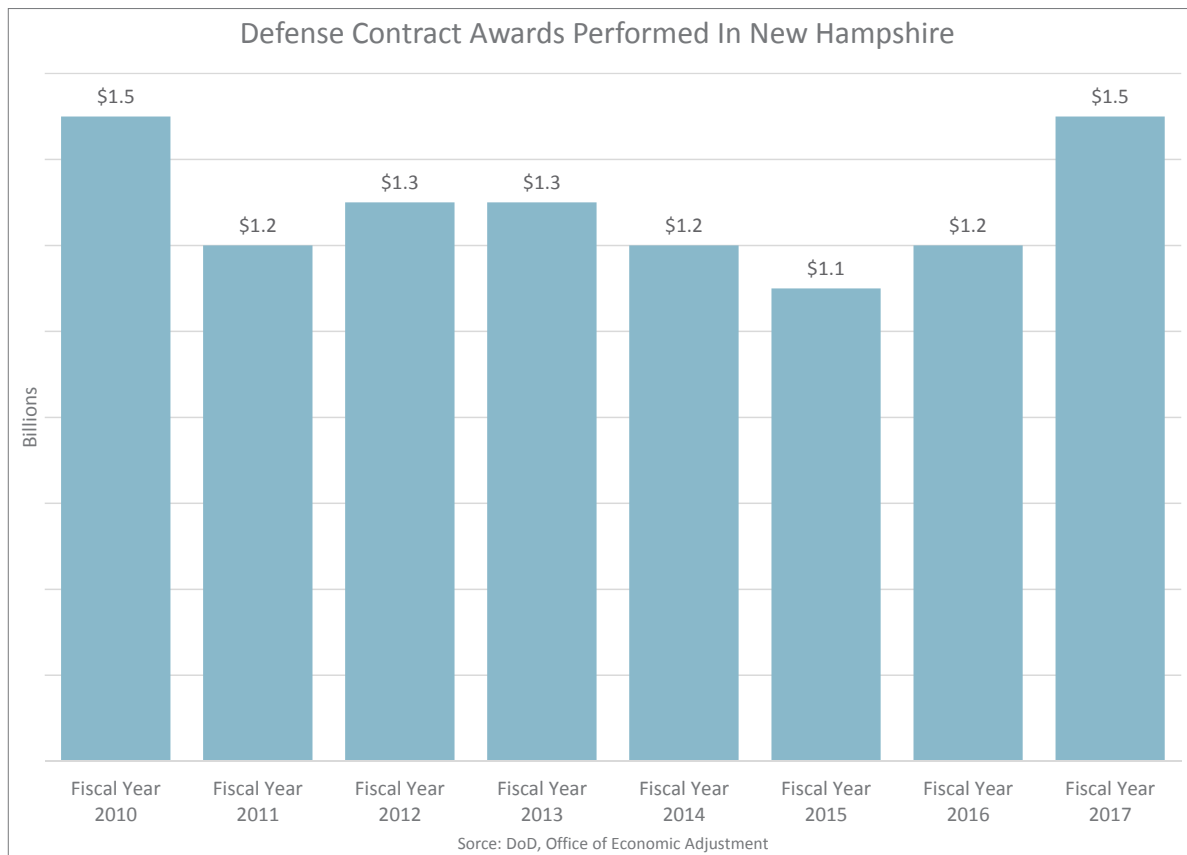
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<sup>1</sup> Federal fiscal year runs from October 1 through September 30. Fiscal Year 2017 is October 1, 2016 through September 30, 2017.

<sup>2</sup> U.S. Department of Defense, Office of Economic Adjustment. "Defense Spending by State, FY2017." [http://www.oea.gov/sites/default/files/fy2017/oea\\_defensespendingbystate\\_fy2017\\_webversion\\_20190123.pdf](http://www.oea.gov/sites/default/files/fy2017/oea_defensespendingbystate_fy2017_webversion_20190123.pdf)

and District of Columbia. New Hampshire's spending per resident was less than the national average of \$1,454.

The Department of Defense's Procurement and Acquisitions Policy provides the guidelines and laws related to pricing and procurement for government contracts. The policy is used to categorize spending on the products and services identified by the product service code listed in each prime contract award record. This statistic represents the majority of spending in the prime contract awarded only.

The majority of defense contract spending in New Hampshire was in Hillsborough County. The county's \$1.0 billion in defense contract spending far outweighed that of every other county in the state combined. This is likely due to the location of the state's top defense contractors. Five of the ten defense contractors receiving the highest defense awards in New Hampshire are primarily headquartered in Hillsborough County, while the remaining contractors have offices in other counties.

Just over one-third of defense contract spending in New Hampshire, 36 percent, was contracted by the Air Force. The Navy/Marines

### Top Defense Contractors In New Hampshire Fiscal Year 2017

	(M=millions)	Primary Headquarter Locations
BAE Systems	\$905.3 M	Hillsborough County
Red River Computer Company	\$74.7 M	Sullivan County
L3 Technologies	\$72.0 M	Rockingham County
Elbit Systems	\$21.9 M	Hillsborough County
Optics 1	\$18.4 M	Hillsborough County
Creare	\$17.4 M	Grafton County
Rockwell Collins - ESA Vision Systems	\$14.6 M	Hillsborough County
Windmill Intl (AQYR)	\$14.3 M	Hillsborough County
Cutter Enterprises	\$13.0 M	Merrimack County
Timken	\$12.0 M	Cheshire County Grafton County

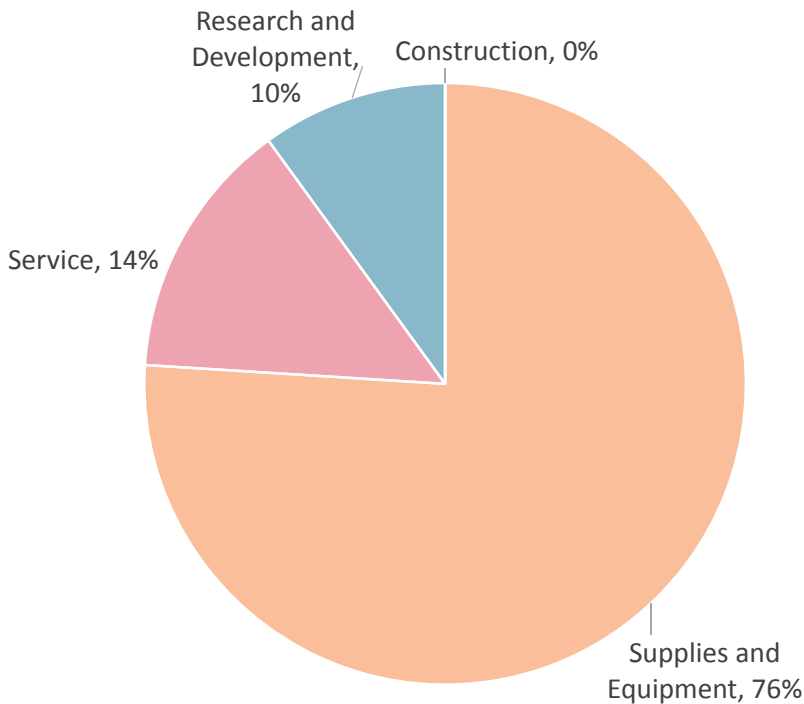
Source: DoD, Office of Economic Adjustment

were responsible for 31 percent of defense contract spending and 22 percent was for the Army. The remaining 11 percent of defense contract spending was for "Other Defense." All other DoD activities, such as Defense Health Agency and Defense Logistics Agency, are categorized as "Other Defense."<sup>3</sup>

Over three-quarters of defense contract spending in New Hampshire during fiscal year 2017 was categorized for military supplies and equipment. Another 14 percent was for service. Examples of "service" spending can include medical, logistics management, transportation, and electronic and communications. Research and development was identified as the category for another 10 percent of defense contract spending, while a negligible amount was categorized as construction.

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### Type of Defense Contract Spending in New Hampshire - FY 2017



<sup>3</sup> U.S. Department of Defense, Office of Economic Adjustment. "Defense Spending by State, FY2017." Appendix 2: Methodology. [http://www.oea.gov/sites/default/files/fy2017/oea\\_defensespendingbystate\\_fy2017\\_webversion\\_20190123.pdf](http://www.oea.gov/sites/default/files/fy2017/oea_defensespendingbystate_fy2017_webversion_20190123.pdf)