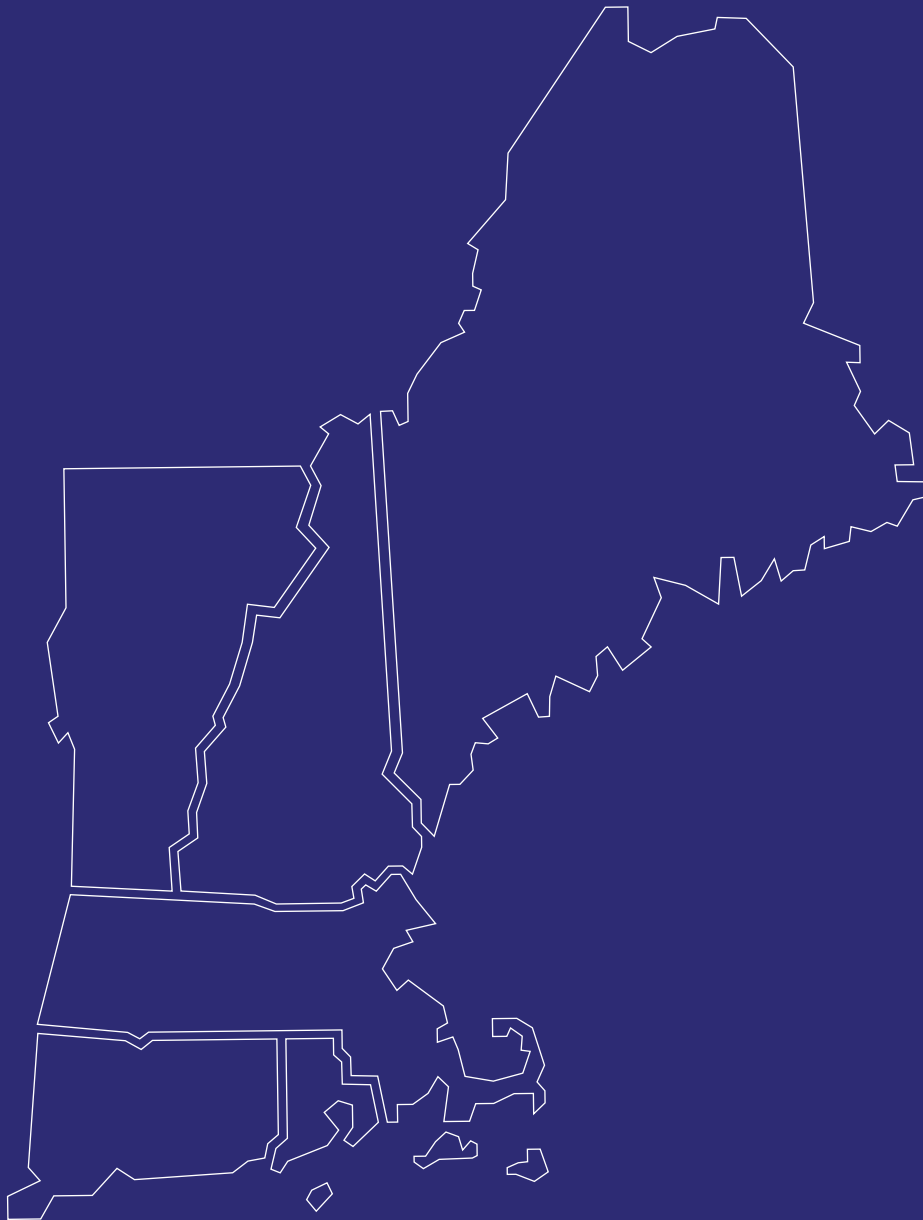

THE ECONOMIC IMPACT OF THE DEFENSE CLUSTER IN **NEW ENGLAND**

MAY 2023



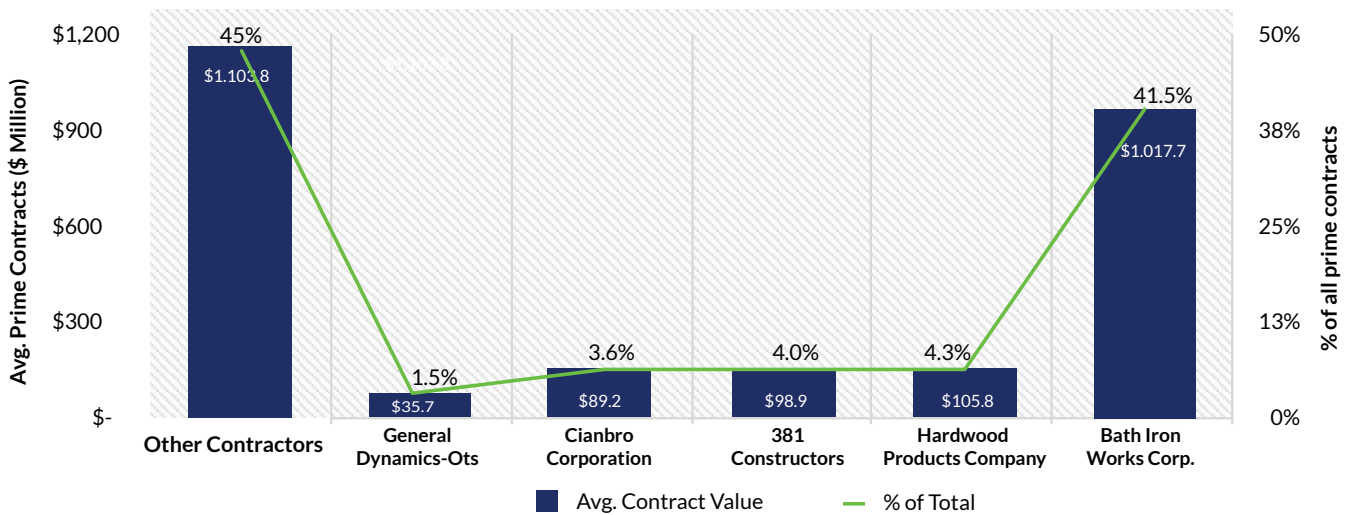
SENEDIA
The Alliance for Defense Tech, Talent, and Innovation

MAINE

Private Defense Contracts

The Defense Industry in Maine received \$2.8 billion in DoD/DHS contracts in 2022, \$2.7 billion in 2021, and \$3.3 billion in 2020. From 2020 to 2022, 924 private Maine companies received prime DoD/DHS contracts. Bath Iron Works, a subsidiary of General Dynamics, received an average of \$1 billion per year in prime defense contracts, Hardwood Products received \$106 million per year, 381 Construction received \$99 million per year, Cianbro received \$89 million per year, and General Dynamics received \$36 million per year.⁹ These corporations together account for 55 percent of all prime defense contracts awarded to Maine during this period.¹⁰

Top Defense Contractors, Prime Contracts, Annual Average 2020 – 2022, ME



Source: USASPENDING.org.

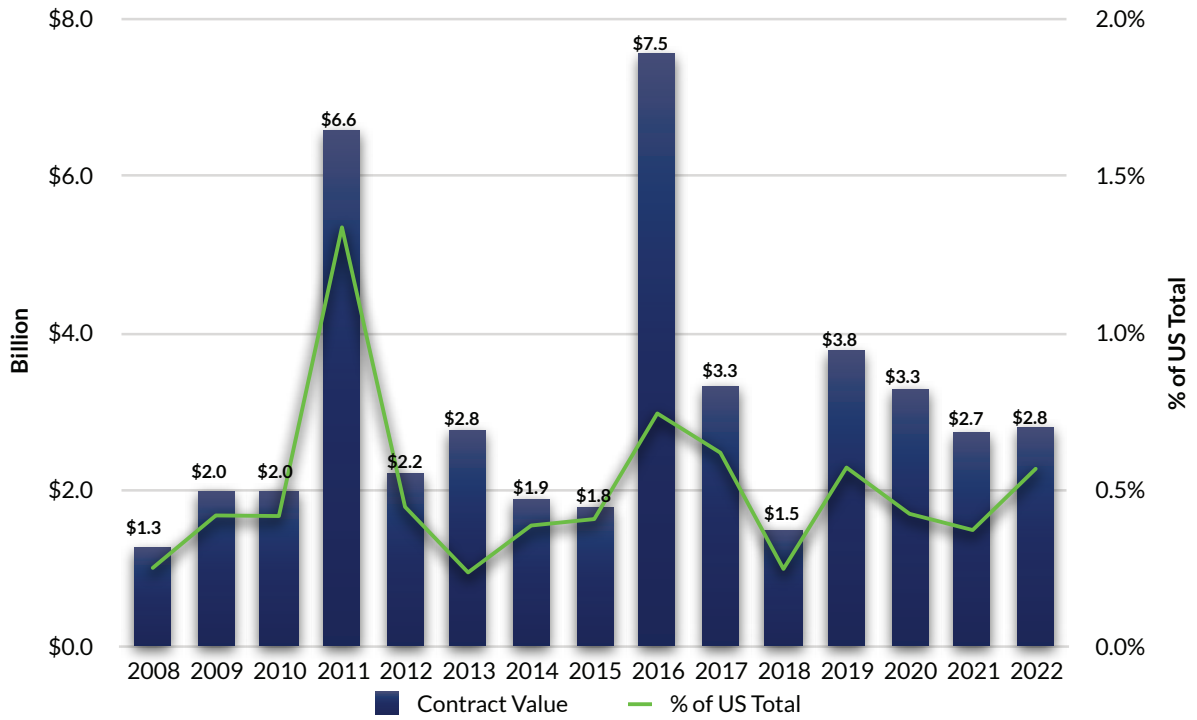
The defense contracts awarded by the DoD/DHS to Maine contractors represented 0.5 percent of all defense contracts issued in the United States from 2020 to 2022, compared to an average of 0.4 percent from 2008 to 2010. The total value of defense

contracts (inflation-adjusted) increased from an average of \$1.7 billion in 2008 to 2010 to \$2.9 billion in 2020-2022 in Maine. From 2008-2010 to 2020-2022, defense contracts increased 68.7 percent in Maine.

⁹ Martin's Point Health Care received \$392 million per year from 2020 to 2022 in DoD contracts to perform work in Maine. This figure is included in "other contractors". Raytheon Technologies' Pratt & Whitney's North Berwick Aero Systems facility located in Maine produces parts for commercial and military engines and employs approximately 2,200 employees. As noted, DoD contract dollars are often reported in the state of contract award, not necessarily performance. DoD contracts for this Maine facility are reported as part of Pratt & Whitney Headquarters in Connecticut.

¹⁰ Prime contracts require work by subcontractors including many small businesses.

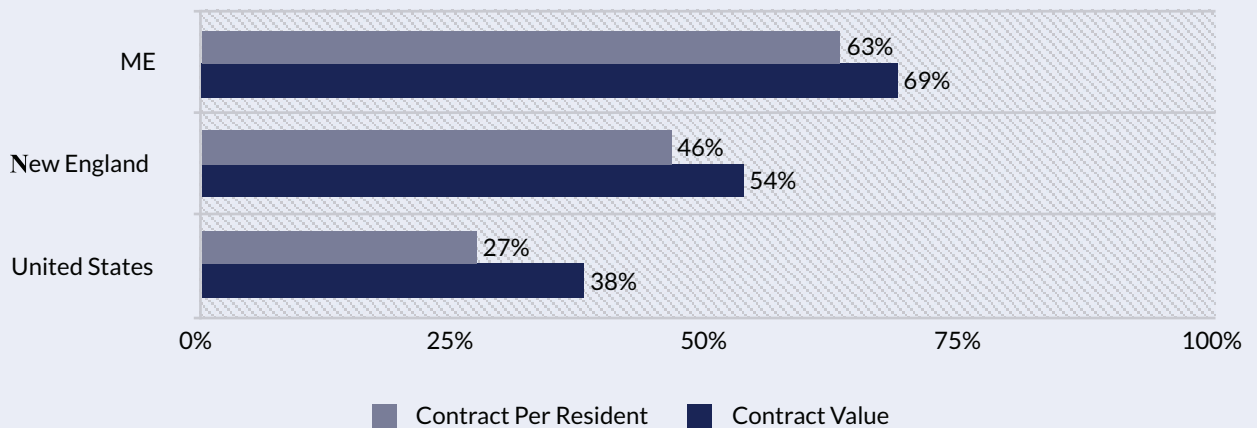
Defense Contracts (Inflation-adjusted), FY 2008 to FY 2022, ME



Source: USASPENDING.org; All values are adjusted for inflation (2022 US \$).

Note: There are significant variations in year-to-year defense contract awards due to political and economic reasons, including COVID related impacts. This report utilizes a 3-year average (from 2020 to 2022) of all prime and sub-award defense contracts as input to produce the economic impact assessment.

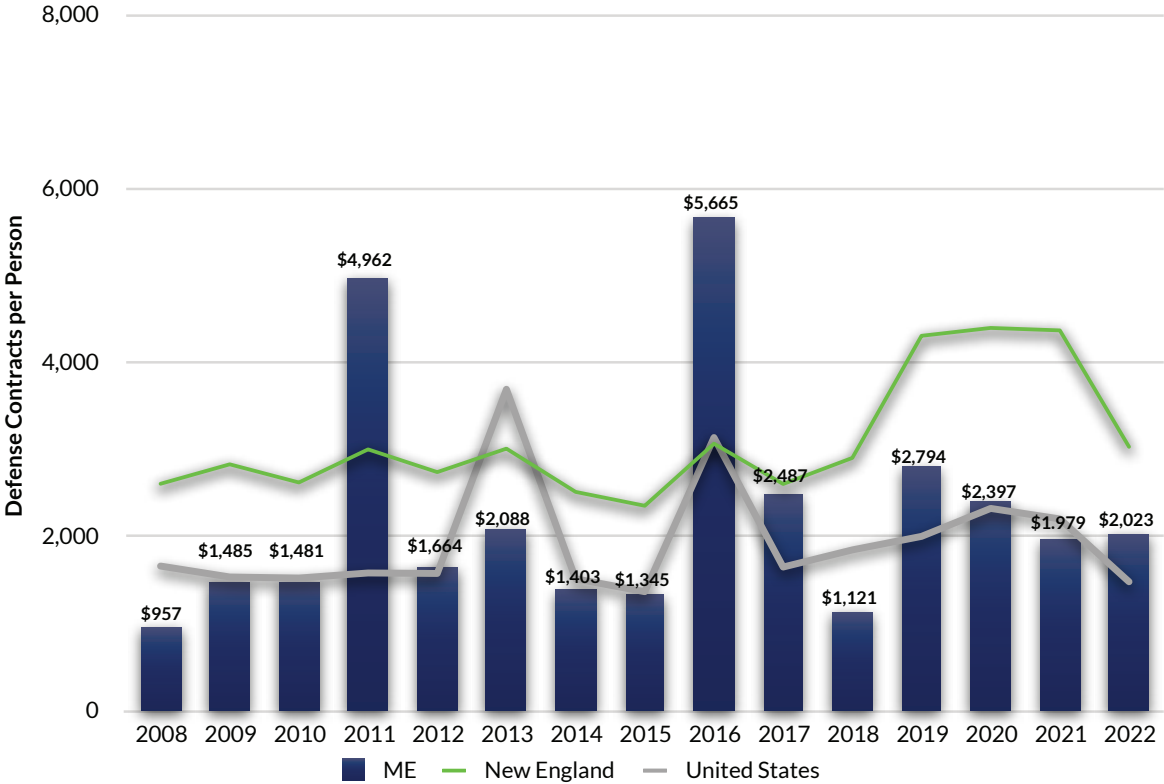
Change In DoD/DHS Contract Value, (Inflation-Adjusted) Average 2008-2010 To Average 2020-2022, ME



Source: USASPENDING.org; Values are adjusted for inflation (2022 US \$)

From 2020-2022, Maine received an average of \$2,133 per capita in DoD/DHS contracts. From 2008 to 2022, per capita defense contract awards in Maine increased 63 percent.

Defense Contracts Per Person, FY 2008 to FY 2022, ME

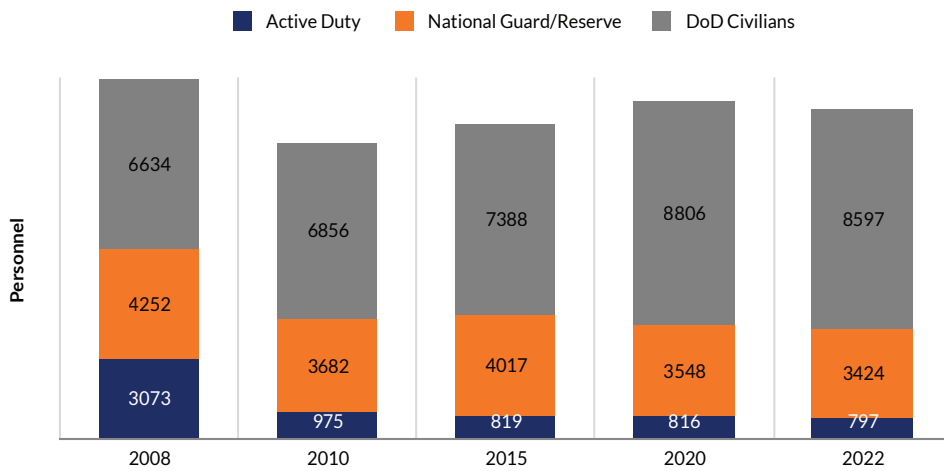


Source: USASPENDING.org; All values are adjusted for inflation (2022 US \$)

The Military Defense Workforce

In 2022, Maine’s Military Defense Infrastructure employed 12,818 individuals, including 797 active-duty military personnel from the Army, Navy, Marine Corps, Air Force, Space Force, and U.S. Coast Guard, 3,424 National Guard members, and 8,597 civilians employed by the Department of Defense (DoD). Between 2008 and 2022, the number of active-duty military personnel decreased 74.1 percent, the number of National Guard members decreased 19.5 percent, and the number of DoD civilians increased 29.6 percent.

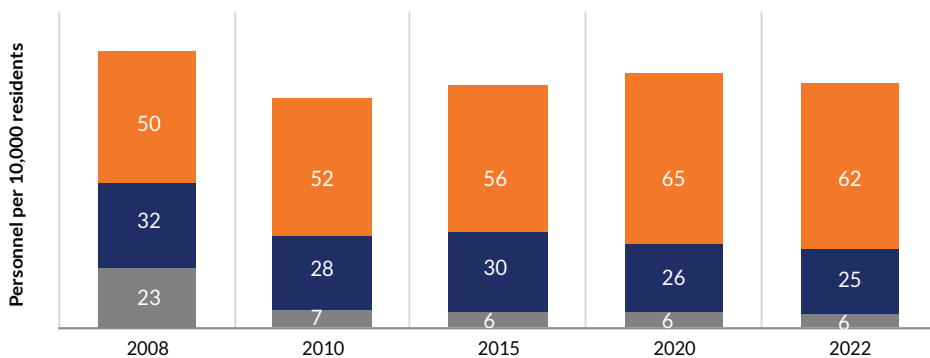
Employment in the Military Defense Infrastructure, ME



Sources: DoD Active-Duty Master File, Reserve Common Components Personnel Data System (RCCPDS) File

In 2022, Maine employed 6 active-duty military personnel, 25 National Guard members, and 62 DoD civilians per 10,000 residents.

Employment in the Military Defense Infrastructure per 10,000 Residents, ME



Sources: DoD Active-Duty Master File, Reserve Common Components Personnel Data System (RCCPDS) File

Defense Cluster Total Economic Impact

The Defense Cluster in Maine also has strong economic linkages with other sectors in the state. Every 100 direct jobs created in the Private Defense Industry supports another 99 jobs via the multiplier effect in the Maine economy. In 2022, the Defense Cluster’s total economic impact in Maine includes:

- **47,473 jobs**, which represents **7.4 percent of the state’s employment**. Of these, 27,963 are direct jobs and 19,510 are indirect or induced jobs. These figures include:

22,783

workers supported

by defense contracts including 11,428 civilians employed by defense contractors and 11,354 indirect and induced jobs supported by the defense industry.

24,691

jobs supported

by the military defense infrastructure, including 16,535 FTE activity-duty military and DoD civilians as well as 8,156 induced jobs.

- The generation of **\$3.5 billion in income** for households including \$1.5 billion from the private defense industry and \$2.0 billion from the Military Defense Infrastructure. The Defense Cluster supported **9.2 percent of the total income** generated in the state.
- The generation of **\$8.4 billion in economic output** (State’s Gross Domestic Product) including \$4.8 billion from the private defense industry and \$3.5 billion from the Military Defense Infrastructure. The Defense Cluster contributed **10 percent of the total output** produced in the state.

Defense Cluster Total Economic Impact, Maine, 2022

Impact	Employment (FTE)*	Labor Income (\$ billion)	Output -GDP (\$ billion)
Private Defense Industry	22,783	\$1.5	\$4.8
Direct	11,428	\$0.8	\$2.7
Induced + Indirect	11,354	\$0.7	\$2.2
Military Defense Infrastructure	24,691	\$2.0	\$3.5
Direct	16,535	\$1.6	\$2.1
Induced**	8,156	\$0.4	\$1.4
Total Defense Cluster	47,473	\$3.5	\$8.4
% of Statewide Economy	7.4%	9.2%	10.0%

Source: Author’s compilation using data from the USASPENDING, DoD, DHS, and IMPLAN.

Notes: * FTE denotes full-time equivalent jobs; ** No indirect effect is generated by military employment.

