

Pennsylvania

Arms and Security Project, Center for International Policy 2015

SUMMARY: MILITARY SPENDING IN PENNSYLVANIA

GENERAL: Pennsylvania ranked 8th among all U.S. states¹ in terms of Pentagon awards during FY2014, receiving a total of \$10.4 billion. Comparatively, it received \$10.2 billion in FY2013. It received \$815 in contract awards per capita in FY2014, ranking 17th in the country. As Pennsylvania's GDP (BEA) was \$640 billion in FY 2013, the most recent year for which state GDP figures are available, DoD contracts accounted for approximately 1.6% of Pennsylvania's GDP in 2013.

TOP CONTRACTORS

Bechtel Group Inc. – Max of 900 employees produce components for the U.S. Navy's Nuclear Propulsion Program.

AmerisourceBergen Corporation: – Consistently awarded contracts to provide pharmaceuticals to DoD.

Lockheed Martin Corporation – 9,000+ of the 11,000 state -wide employees work at the Information Systems and Global Solution facility in King of Prussia, currently under almost \$800 million contract to provide Air Force combat support information systems; others primarily produce parts for the F-16, C-130, & F-22.

The Boeing Company – Military Mobility Aircraft division headquarters are in Ridley Park, with 5,400+ employees producing products for the C--17, KC--767, & V-2. Seems that the Ch-47F may be exclusively produced here, and facility is currently under contract through 2015 to produce 32.

BAE Systems – One of the largest defense contractors in the world producing fighting and other ground vehicles within Pennsylvania.

MILITARY BASES

Naval Support Activity (Philadelphia): 500 active duty and 4,500 civilian employees

Tobyhanna Arm Depot: Electronics maintenance facility with approximately 5,000 employees

Carlisle Barracks: Approximately 30,000 officers and medical students as of 2015

¹USASpending.com
<https://www.usaspending.gov/Pages/TextView.aspx?data=AgencyMostFundedStates&agencycode=9700&fiscalyear=2014>

DETAILED PROFILE

PENNSYLVANIA MILITARY BASES:

1 - Carlisle Barracks - (Approximately 30,000 officers and students 2015)

- Pennsylvania Carlisle Barracks is a US Army training facility in the city of Carlisle in the state of Pennsylvania. It is also known as Carlisle Barracks and it houses the U.S. Army War College.²
- It is part of the United States Army Training and Doctrine Command and is the nation's second-oldest active military base.
- It has educational programs that specialize predominantly in military strategy, national security policy, and military history.
- It has consistently contributed high-ranking officers and military officials to the U.S. Armed Forces.

2 - Tobyhanna – (Approximately 5,800 total in 2015)

- “Tobyhanna Army Depot (TYAD) is the largest, full-service electronics maintenance facility in the Department of Defense (DoD). It specializes in electronic systems, including monitoring and warning systems.”
- The base was established in 1953 as Tobyhanna Signal Depot and it performs number of operations, including repair and maintenance of communications systems, intelligence technology, surveillance systems, computer and control system repairs for US Armed Forces in the country.³
- TYAD is the largest employer in the Pocono Northeast region of Pennsylvania. In addition, TYAD employs an additional 300 personnel who permanently work at Forward Repair Activities here and overseas.⁴
- “Total employment at the installation, including tenant activities and contractors, is about 5,800... The Northeastern Pennsylvania Alliance's (NEPA) certified economic model reports that TYAD's total regional annual economic impact is \$4.4 billion.”⁵

3 - Philadelphia – (Approximately 5,000 total: 500 active duty and 4,500 civilians in 2015)

- Philadelphia houses a Naval Support Activity (NSA) base. The NSA Philadelphia and Philadelphia Navy Yard Annex missions are to provide operationally ready, secure shore infrastructure.⁶
- The base comprise of around 5000 military personnel and civilians including people from contracted companies working on the base. The largest number of employees belongs to Naval Inventory Control Point while Navy Supply Information Systems Activity contains

² <http://carlislebarracks.carlisle.army.mil/>

³ http://www.tobyhanna.army.mil/about/facts_figures/Facts%20and%20Figures.pdf

⁴ http://www.tobyhanna.army.mil/about/facts_figures/Facts%20and%20Figures.pdf

⁵ http://www.tobyhanna.army.mil/about/facts_figures/Facts%20and%20Figures.pdf

⁶ <http://www.militarybases.us/navy/naval-support-activity-philadelphia/>

second largest number of employees. Some of the staff on the base also belongs to Naval Supply Systems Command.⁷

- The NSA hosts the Defense Supply Center in Philadelphia. “The Defense Supply Center Philadelphia (DSCP) is an Inventory Control Point within the Defense Logistics Agency. DSCP annually provides over \$4.85 billion worth of food, clothing, textiles, medicines, medical equipment, general and industrial supplies and services to America's warfighters, their eligible dependents and other non-Defense Department customers worldwide.”⁸

TOP PENTAGON CONTRACTORS IN PENNSYLVANIA

Note: Companies are ranked according to Pentagon prime contract awards as reported in USASpending.gov. Some firms with major operations in Pennsylvania, such as Lockheed Martin and Boeing, have a larger presence, but that presence is supported by sub-contracts originating at facilities in other states.

Bechtel Group Inc. \$2,095,560,195 in FY2014

- Bechtel Corporation (Bechtel Group) is the largest construction and civil engineering company in the United States, ranking as the 4th-largest privately owned company in the United States.⁹
- Its subsidiary, Bechtel Plant Machinery Inc. (BPMI) is based in Pittsburgh. BPMI is the prime contractor for the U.S. Navy's Nuclear Propulsion Program (NNPP). Providing engineering services and support to keep the fleet moving.¹⁰
 - The Bechtel Corporation has 58,000 employees worldwide while Bechtel Plant Machinery Inc. has 900 employees in addition to 75 expected college hires worldwide.
- Recent contracts include:
 - 10/22/2014 Monroeville, Pennsylvania, is being awarded a \$612,758,639 cost-plus-fixed-fee contract for naval nuclear propulsion components. Work will be performed in Monroeville Pennsylvania (84 percent), and Schenectady, New York (16 percent). The Naval Sea Systems Command, Washington, District of Columbia is contracting the activity.¹¹
 - 5/13/2015 Monroeville, Pennsylvania, is being awarded a \$42,183,466 cost-plus-fixed-fee modification to previously awarded contract for naval nuclear propulsion components. Work will be performed in Schenectady, New York (66

⁷ <http://www.cobases.com/pennsylvania/naval-support-activity-mechanicsburg/>

⁸ http://benefits.military.com/misc/installations/Base_Content.jsp?id=4125

⁹ <http://www.forbes.com/pictures/eggh45efjj/4-bechtel-6/>

¹⁰ <http://www.bpmionline.com/>

¹¹ <http://www.defense.gov/News/Contracts/Contract-View/Article/606712>

percent) and Monroeville, Pennsylvania (34 percent). The Naval Sea Systems Command, Washington, District of Columbia, is the contracting activity.¹²

Lockheed Martin Corporation \$1,150,437,967

- Has a total of 112,000 employees globally.
- The F-35 fighter jet program is part of the U.S. government's priority program and is the key growth driver for Lockheed Martin.¹³
- Generates around 85% of its revenue from the U.S. government, including 61% from the U.S. Department of Defense, or DoD.¹⁴
- In recent news, Lockheed Martin edged out Raytheon for a \$915 million Pentagon contract to build the Space Fence. The contract, announced by the Defense Department on June 2, 2014, is one of the largest space-related military contracts in recent years, according to Space News.¹⁵
- Located in Johnstown, Pa., Lockheed Martin AeroParts, Inc. (LMAPI), is a “wholly owned subsidiary of the Lockheed Martin Corporation. This facility manufactures aircraft details, assemblies, and ground support equipment, and overhauls and repairs aircraft components and structural parts. The site supplies new production parts to other Lockheed Martin facilities for the F-16, C-130, U-2, F-35, C-5, and F-22 aircraft. L-API is also a direct prime contractor to the U.S. Department of Defense for spares fabrication for aircraft and is a supplier to commercial customers.”¹⁶
 - . The facility delivers machined details and subassembly and assembly components critical to the mission of its customers, which include sister Lockheed Martin facilities, government installations, foreign operators and commercial entities.
- Lockheed's Space Systems Company - Delaware Valley Operations— is located in Newtown
 - The facility will close by the end of 2015. The site currently employs approximately 1,050 employees and 800 positions at the Newtown location are expected to be impacted. Those that are not impacted will likely be sent to work at other locations.¹⁷
- Lockheed also has an Electronic Systems - Missiles and Fire Control— plant in Archbald.¹⁸
 - The Missiles and Fire Control Archbald site is one of the largest high technology engineering and manufacturing employers in the Greater Scranton area. Archbald

¹² <http://www.defense.gov/News/Contracts/Article/606848>

¹³ <http://seekingalpha.com/article/2260653-lockheed-martin-possessing-strong-future-growth-opportunities>

¹⁴ <http://seekingalpha.com/article/2260653-lockheed-martin-possessing-strong-future-growth-opportunities>

¹⁵ <http://www.cbsnews.com/news/lockheed-wins-915-million-space-fence-contract/>

¹⁶ <http://www.lockheedmartin.com/us/aeronautics/about-aeronautics/locations.html>

¹⁷ <http://www.lockheedmartin.com/content/dam/lockheed/data/corporate/documents/Facility-Consolidation-Fact-Sheet.pdf>

¹⁸ <http://www.lockheedmartin.com/us/mfc/siteinformation/archbald.html>

products include Paveway II laser-guided bombs, dual mode laser guided bombs and laser guided training rounds for the US Air Force, US Navy and international customers; specialized instrumentation, control devices and shipboard packaging for the US Navy; and manufacturing services such as a state-of-the-art metal crafting and electrical assembly capability.¹⁹

- The Archbald facility as 400 employees on site
- Lockheed's Information Systems and Global Solutions – Defense – has an operating base in King of Prussia, PA.²⁰
- Recent contracts awarded to Lockheed Martin in Pennsylvania include:
 - 2/3/2014 Newtown Pa. Lockheed Martin Corp. was awarded \$14,430,612 fixed-price-incentive-firm modification for an existing contract for GPS III acquisition of long lead material under the basic contract. Expected to be completed by June 2015. The Space and Missile Systems Center Global Positioning Systems Directorate, Los Angeles Air Force Base, California, is the contracting activity.
 - July 13, 2015 Lockheed Martin received a \$153,947,183 contract modification to update electronic warfare systems on U.S. Navy ships. The new systems are meant to upgrade the Navy's existing *AN/SLQ-32* EW technology under the surface electronic warfare improvement program. Lockheed Martin will perform work in New York, Pennsylvania and Massachusetts through April 2018.

AmerisourceBergen Corporation \$1,456,684,875

- It is a drug wholesale company located in Chesterbrook, Pennsylvania.
- The company has a collective \$14,500 workers in all of its offices and distribution centers worldwide.²¹
- As of 2012, AmerisourceBergen is a market leader in pharmaceutical distribution handling about 20% of all of the pharmaceuticals sold and distributed throughout the country and ranked 16th on the Fortune 500 list for 2015 with over \$100 Billion in annual revenue.²²
- Today, AmerisourceBergen has 26 pharmaceutical distribution centers in the US, nine distribution centers in Canada, four specialty distribution centers in the US, and over 1 million square feet of packaging production capacity in the US and the UK. With the addition of World Courier, the largest specialty courier company in the world, over 150 company-owned offices around the globe were added to the company.²³
- The company is moving into the faster-growing and more profitable animal-drugs market with the \$2.5 billion acquisition of MWI Veterinary Supply Inc.²⁴

¹⁹ <http://www.lockheedmartin.com/us/mfc/siteinformation/archbald.html>

²⁰ <http://lockheedmartinjobs.com/programs-software-kop.aspx>

²¹ <http://pdf.secdatabase.com/1570/0001047469-12-010807.pdf>

²² <http://fortune.com/fortune500/amerisourcebergen-16/>

²³ <http://fortune.com/fortune500/amerisourcebergen-16/>

²⁴ http://articles.philly.com/2015-01-14/business/58029556_1_debt-load-customer-base-net-income

- Awarded 10,207,832,314 since 2006 in contracts alone
- 3/31/2015. Chesterbrook Pennsylvania was awarded a maximum \$66,290,001 firm fixed price, prime vendor contract for pharmaceuticals and related products to the southern region. This contract was a sole source acquisition. This is a 37-day bridge contract. Using military services are Army, Navy, Air Force, Marine Corps, and Department of Defense customers.²⁵
- 3/31/2015 Chesterbrook Pennsylvania was awarded a maximum \$49,862,077 firm fixed price, prime vendor contract for pharmaceuticals and related products to the southern region. This contract was a sole source acquisition. This is a 30-day bridge contract. Using military services are Army, Navy, Air Force, Marine Corps, and Department of Defense customers.²⁶
- 11/13/2014 Chesterbrook Pennsylvania has been awarded an estimated \$4,055,350,448 firm fixed price contract for prime vendor pharmaceutical and pharmaceutical-related products and support for worldwide distribution. Using military services are Army, Navy, Air Force, Marine Corps, Coast Guard, DoD retirees and dependents as well as federal civilian agencies.²⁷

The Boeing Company \$751,950,525

- 4,294 Employees in Pennsylvania as of April 30, 2015 with total employment of 162,290 worldwide
 - The vast majority of the jobs in Pennsylvania are used exclusively for the production of military aircraft in Ridley Park.
- Boeing's Military Mobility Aircraft headquarters is in Ridley Park. Mobility aircraft products include: the C-17 Globemaster III, the KC-767, the CH-47F Chinook, the V-22 Osprey, and others. It appears that only the CH-47F is exclusively produced in PA.
- Recent contracts include:
 - 3/13/2015 Boeing Co., Ridley Park, Pennsylvania, was awarded a \$713,896,061 modification to contract W58RGZ-13-C-0002 for 26 remanufactured CH-47s, and provides for over and above appropriated funding and obligates long lead funding for production of Lot 14. Army Contracting Command, Redstone Arsenal, Alabama, is the contracting activity.²⁸
 - 7/14/2015 The Boeing Co., Ridley park was awarded a \$7,451,859 modification (P00024) to a foreign military sales contract (W58RGZ-13-C-0002) to add additional unique statements of work effort for foreign military sales to Turkey and the United Arab Emirates for CH-47F Chinook cargo helicopters. Purpose of the modification is to incorporate unique tasks required by the foreign military sales customer countries. Estimated completion date is Dec. 31, 2020. Work will

²⁵ <http://www.defense.gov/News/Contracts/Article/606817>

²⁶ <http://www.defense.gov/News/Contracts/Article/606817>

²⁷ <http://www.defense.gov/News/Contracts/Contract-View/Article/606727>

²⁸ <http://www.defense.gov/News/Contracts/Contract-View/Article/606805>

be performed at Ridley Park Pennsylvania, Army Contracting Command, Redstone Arsenal Aviation, Alabama, is the contracting activity.²⁹

BAE Systems PLC \$725,533,724

- Employs approximately 88,000 people worldwide.
- It is among the world's largest defense contractors; it ranked as the second-largest based on applicable 2012 revenues.
- BAE Systems Inc. is one of the six largest suppliers to the US Department of Defense.
- Recently, BAE Systems said U.S. budget cuts were forcing it to close a small facility in Lemont Furnace, Pennsylvania, that has been upgrading and overhauling Bradley fighting vehicles and other ground vehicles for nearly 20 years. The plant is located southeast of Pittsburgh and employs 113 workers.
- Locations in Pennsylvania include:
 - Platforms & Services BAE Systems York, Pennsylvania
 - Platforms & Services BAE Systems Jessup Pennsylvania.
- Recent contracts include:
 - 7/16/2015 For the Army department, BAE Systems Combat vehicles, York, Pennsylvania, was awarded \$54,665,000 firm-fixed-price foreign military sales contract (Brazil) to upgrade 236 Brazilian M113 armored personnel carriers. Estimated completion date of Dec. 31, 2018.³⁰
 - 12/24/2014 BAE Systems is to supply the US Army with a fleet of armored combat vehicles, in a contract worth up to \$1.2bn. The new Armored Multi-Purposed Vehicles (AMPVs) will replace models that date back to the Vietnam War. Production includes 29 vehicles, with an addition of 289 later. Work on the AMPVs will take place primarily at BAE sites in York, Pennsylvania, and Sterling Heights, Michigan.³¹
 - 03/22/2013 BAE Systems in York County received a \$16.6 million contract to work on Bradley Fighting Vehicles for the U.S. Department of Defense. The contract is a modification on an earlier contract to convert Bradley Reset Vehicles from M3A3 to M2A3 configuration. (The York Daily Record)³²

²⁹ <http://www.defense.gov/News/Contracts/Contract-View/Article/612890>

³⁰ <http://www.defense.gov/News/Contracts/Contract-View/Article/612892>

³¹ <http://www.bbc.com/news/business-30597521>

³² http://www.ydr.com/ci_22842153/bae-systems-york-county-receives-contract-modifation-bradleys