



# Federal Spending, Especially on Security, Kept Washington Economy Growing in 2002

by Stephen S. Fuller<sup>1</sup>

*“Federal spending—much of it linked to homeland security and the war on terrorism—preserved the vitality of the Washington region’s economy in 2002.”*

### Findings

An analysis of federal spending in the Washington, D.C. metropolitan area in Fiscal Year 2002 reveals that:

- **Total federal spending in the Washington region increased by more than 10 percent in 2002.** Federal spending went up \$8.25 billion, buffering the effects of an otherwise slow economy, and enabling the region to register net job gains in 2002 when no other major metropolitan area did. Federal spending now accounts for \$87.5 billion, or about one-third of the area’s gross regional product.
- **Procurement spending paced the gains, jumping by 15 percent, or \$4.7 billion, in the region to reach \$36.1 billion in 2002.** Procurement spending in greater Washington increased by \$4.7 billion, the largest dollar rise ever, and more than double the previous year’s increase.
- **Increased procurement for homeland security and the war on terrorism drove the unusually large growth in overall procurement spending in the region.** These purchases pushed federal procurement above historic trends and clearly benefited the region economically.

In sum, federal spending related to the war on terrorism preserved the vitality of the Washington-area economy in the face of national stagnation in 2002.

### Summary

Federal spending in the Washington metropolitan area, which increased more than 10 percent between Fiscal Years (FY) 2001 and 2002, kept the Washington region growing during a time of general economic slowing. The resulting \$8.25 billion increase in federal spending during that year

boosted economic activity in the Washington area and accounted for the above-average performance of Washington’s economy compared with other regions. No other major metropolitan area registered net job gains in 2002, and the region’s unemployment



rate during the year remained low (3.7 percent).

Overall, federal spending in the Washington metropolitan area, which totaled \$87.5 billion in FY 2002, accounts for about one-third of the area's gross regional product (GRP)—the value of goods and services produced locally. With government spending growing faster than the rest of the economy, the Washington area has recently become even more dependent on federal dollars for its growth and vitality.

Federal procurement spending in the Washington area, meanwhile, grew 15 percent in FY 2002, continuing the long trend of more rapid increases in procurement spending than in wages and salaries. Federal procurement contracts awards to firms located in the Washington area and doing their contract work locally accounted for 43 percent of all federal spending in the area, while federal salaries and wages accounted for 29 percent. Two decades ago these percentages were approximately reversed.

The \$4.7 billion increase in procurement spending during 2002 more than doubled the \$2.2 billion gain in 2001 (the largest previous jump), and exceeded the annual average gain over the

last 15 years by \$3 billion. This substantial increase in federal procurement spending reflected, on the one hand, the accelerating growth of outsourcing for technology-intensive and professional services (a trend extending back to the mid-1990s), and, on the other, new spending in response to the war on terrorism, the war in Afghanistan, and outlays associated with other post-September 11<sup>th</sup> responses, including the reconstruction of the Pentagon.

Among the highlights:

- The procurement of services increased 12 percent to \$26 billion in 2002, accounting for 71 percent of all area federal procurement contract awards; data processing, telecommunications services, and professional and managerial services totaled \$17 billion, up 15 percent. These services accounted for 48 percent of total procurement outlays in the Washington metropolitan area.
- The procurement of research and development in the Washington area, while far smaller than procurement of services, grew far more rapidly. It increased 42 percent to \$4.5 billion, with homeland security activities accounting for the bulk of the increase.
- Federal procurement of supplies and equipment from local vendors grew 10 percent to \$6.1 billion; data processing equipment and software sales accounted for half of these awards.

Increased procurement outlays to fight the war on terrorism help to explain the above-average increase of \$4.7 billion in overall federal contract award value captured by firms located in the Washington metropolitan area. Examples of these increased outlays that can be linked to the War on Terrorism and new spending for homeland security include:

- Substantial increases by both the Department of Defense (DOD) and the Department of Transportation (DOT) in a category of research and development procurement called “defense-other,” which rose by \$330 million for DOD and \$548 million for the DOT. The Transportation Security Administration accounted for almost all of DOT’s increase. Prior to FY 2002, DOT had no record of this type of procurement in the Washington area.
- Procurement of security services and communications and detection equipment increased \$183.8 million or 29 percent.

- DOD facility construction outlays in the Washington area increased by \$375.4 million, or 76.8 percent, and repair of equipment increased by \$114.4 million or 41.6 percent—much of this increased spending is linked to rebuilding the Pentagon.
- DOD procurement of transportation, travel and relocation services increased by \$551.4 million, or 127.5 percent—almost all of this increase was attributable to chartering airplanes through a national network managed by local vendors to move troops and equipment.

• Procurement by the agencies consolidated into the new Department of Homeland Security (procurement by only nine of the 24 can be isolated from their previous departments) increased by \$1.66 billion or 167.1 percent in 2002. If the Department of Homeland Security had been in existence throughout 2002, it would have been the third largest source of procurement awards in the Washington area following DOD and the General Services Administration.

In sum, the increase in overall federal spending in the Washington metropolitan area preserved the vitality of the region's economy in the face of national economic stagnation in 2002 and was directly linked to the war on terrorism

**Table 1. Federal Spending in the Washington Metropolitan Area, FY 2001 and 2002**  
(billions of current dollars)

	2001	2002	Change	% Change*
District of Columbia	\$30.94	\$33.53	\$2.59	8.4
Suburban Maryland	20.53	22.92	2.39	11.6
Northern Virginia	27.77	31.04	3.27	11.8
Metropolitan Area	\$79.24	\$87.49	\$8.25	10.4
United States	\$1,778.88	\$1,917.64	\$138.76	7.8
Washington Share (%)	4.45	4.56	5.94	

\* Percentages based on unrounded data.

Note: Federal spending includes all federal funds received within a given jurisdiction: retirement and disability, other direct payments (e.g., Medicare, unemployment compensation, food stamps), grants (e.g., payments to WMATA, Public Broadcasting, Neighborhood Reinvestment Corp.), procurement of goods and services from vendors, and salaries and wages.

Source: U.S. Census Bureau, *Consolidated Federal Funds Report* (2001, 2002).

and new spending for homeland security.

## Findings

### *A. Overall federal spending in the Washington region increased by more than 10 percent in 2002*

Total federal spending in the Washington metropolitan area increased by \$8.25 billion from between FY 2001 and FY 2002, to reach \$87.5 billion—or about one-third of the area's gross regional product. This 10.4 percent increase greatly exceeded the average annual gain of 6.3 percent over the previous 19 years. Only in 1991, the year of the Gulf War, did federal spending grow faster (10.6 percent). Meanwhile, in

dollar terms, the 2002 gain was the largest ever, exceeding the previous record set in 2001 by \$2 billion.

Moreover, the 2001–2002 federal spending increase seen in the Washington area substantially exceeded the national increase of 7.8 percent. With these faster-than-average gains, the share of federal spending captured by the Washington metropolitan area increased slightly (Table 1). On a per capita basis, federal spending in the Washington metropolitan area was \$17,500 compared with just \$6,650 nationwide.

All regions of the Washington area shared in the increase. Spending increases were largest in the District of Columbia, although the rate of

**Table 2. Composition of Federal Spending in the Washington Metropolitan Area, FY 1983–2002**  
(billions of current dollars, percent share)

Total Spending	% Salaries/Wages	% Procurement
1983	\$27.2	44.4
1989	39.8	42.6
1991	47.1	39.5
1995	56.8	36.4
1996	59.4	35.2
1997	62.7	37.0
2000	74.1	31.2
2001	79.2	29.2
2002	\$87.5	28.9

Sources: *Consolidated Federal Funds Report* and U. S. Census Bureau

increase in the District lagged its suburban neighbors.

***B. Procurement spending paced the gains, jumping by 15 percent, or \$4.7 billion, in the region, to reach \$36.1 billion in 2002***

Federal procurement spending in the Washington metropolitan area registered its largest ever one-year gain in 2002 with awards increasing \$4.7 billion over 2001, as the purchase of goods, services, and research from outside vendors reached \$36.1 billion.

This growth reflected a longstanding trend during which federal procurement spending growth outpaced wage and salary spending growth. By 2002 procurement awards to firms located in the Washington area reach 43 percent of all federal

spending in the region, up from just 25 percent in 1983 (Table 2). Moreover, it extended a long-term shift of spending from payroll to procurement that has contributed to the rapid growth of the area's economy. In an earlier study, this author concluded that federal procurement spending may be twice as important as salaries

and wages in spurring the region's growth.<sup>2</sup>

In dollar terms, the year's \$4.7 billion year-to-year increase more than doubled the \$2.2 billion gain in 2001 and easily exceeded the largest prior one-year gain of \$3.1 billion in 1998. Put in historical context, the 2002 gain exceeded the average annual gain over the last 15 years by \$3 billion. In percentage terms, the 14.9 percent year-to-year growth rated the second largest since 1990, and was outdone only by the 15.9 percent gain during the 1991 Gulf War—another wartime spike. The increase was propelled both by the long-term growth of outsourcing and a short-term acceleration of new spending related to the war on terrorism, the war in Afghanistan,

**Table 3. Federal Procurement Spending in the Washington Metropolitan Area, FY 2001–2002**  
(billions of current dollars)

Region	2001	2002	Change	% Change*
District of Columbia	\$10.1	\$10.6	\$0.5	5.1
Suburban Maryland	6.1	7.9	1.8	29.9
Northern Virginia	15.2	17.5	2.3	15.3
Washington Metro Area	\$31.4	\$36.1	\$4.7	14.9

\* Percent change based on unrounded data.

Note: Federal procurement data exclude purchases by the U.S. Postal Service and various interagency purchases included in the procurement totals reported by the U.S. Census Bureau in the *Consolidated Federal Funds Report*. Census procurement totals for the Washington metropolitan area in 2001 and 2002 were \$32.3 and \$37.7 billion, respectively.

Source: *Federal Procurement Data Center* and GMU Center for Regional Analysis.

**Table 4. Federal Procurement by Type of Purchase, FY 2001 and 2002**  
(billions of current dollars)

Type of Procurement	2001	2002	Change	% Change*
Research & Development	\$3.1	\$4.5	\$1.4	42.2
Services	22.7	25.5	2.8	12.3
Supplies & Equipment	5.6	6.1	0.5	10.0
Washington Metro Area	\$31.4	\$36.1	\$4.7	14.9

\* percent change based on unrounded data.

Source: *Federal Procurement Data Center and GMU Center for Regional Analysis*.

and outlays associated with other post-September 11th responses, including the reconstruction of the Pentagon.

*Where are federal contractors located?*

Suburban areas dominated the gains in procurement awards in 2002, accounting for 89 percent of the increase (Table 3). Contractors in suburban Maryland registered the greatest single percentage gain, while contractors in Northern Virginia accounted for the largest dollar value gain. Virginia has, since the early 1990s, consistently accounted for roughly half of total procurement spending. Although awards to contractors in the District represented almost 30 percent of the total awards in the metropolitan area, they only accounted for 11 percent of the year's gain.

*What is the federal government buying?*

Purchases of services dominate federal procurement outlays in the Washington area, with purchases of supplies and equipment and research and development (R&D) representing much smaller portions of procurement activity (Table 4). However, R&D spending—although the smallest contributor—grew by far the most rapidly of the three types.

Purchases of services remain the mainstay. In 2002, the federal government spent \$26 billion for services provided by local firms, up 12 percent from 2001, and accounting for 70 percent of total procurement value.

Among services, “automatic data processing and related technology (ADP) and telecommunications” services comprised the largest subset of awards, accounting for

\$9.8 billion in sales to area firms (see Appendix Table 1). Although the largest outlay, sales in 2002 of ADP and telecommunications services eased 2.3 percent from 2001. The second largest category—professional, administrative and management support services—accounted for \$7.6 billion in sales in 2002. These support services registered the largest dollar increase (\$1.7 billion) in sales among all subcategories of R&D, services, and supplies. Together, ADP and telecommunications services and professional and managerial services totaled \$17 billion, and accounted for nearly half (48 percent) of total procurement outlays in the Washington metropolitan area.

Other major subcategories of service procurement include facility construction (at \$1.2 billion, and up \$376.8 million, or 45.7 percent) and transportation and travel (at \$1.1 billion, and up \$506.8 million, or 85 percent). These four subcategories of services—ADP and telecommunications, professional and management, facility construction, and travel and transportation—accounted for more than three-fourths of all service purchases. Nevertheless, several other categories of services experienced unusually large gains in 2002—maintenance and

repair of equipment, up \$188.2 million or 48.7 percent; property maintenance and repair, up \$695 million or 127.8 percent; and housekeeping services, up \$157.7 million, or 37.9 percent.

DOD procurement of transportation, travel and relocation services alone increased by \$551.4 million, or 127.5 percent. Almost all of this increase was attributable to chartering airplanes through a national network managed by local vendors to move troops and equipment.

The supplies and equipment category, for its part, includes the widest range of products, but most of these federal purchases occur outside the Washington area. Nevertheless, this category totaled \$6.1 billion in 2002 and experienced a 10 percent increase. ADP equipment and software sales accounted for half of these awards. Other notable subcategories of supplies and equipment included communications and detection equipment; instruments and lab equipment; and chemicals and chemical products (see Appendix Table 1).

Research and development, meanwhile, makes for a more interesting story. Accounting for only 10 percent of area federal procurement in

FY 2001, R&D registered the largest percentage gain (42 percent) in FY 2002 among the three spending categories. R&D spending jumped in value by \$1.4 billion. That increase enlarged R&D's spending share and slightly reduced the share flowing to services.

Within R&D, DOD represents the largest single purchaser, although almost all agencies purchased some R&D from local contractors. In 2002, DOD accounted for \$2.8 billion, or 63 percent, of all R&D awards in the Washington area. The DOD, however, was not the exclusive purchaser of "defense"

R&D; the category also includes purchases of security-related R&D by non-DOD agencies.

The largest R&D category was "defense-other," which includes all defense-related R&D procurement not classified elsewhere for all federal agencies. This was followed by defense systems R&D. "Other" defense R&D spending totaled \$1.9 billion in 2002, with procurement awards by DOD and DOT accounting for 18 percent and 29 percent, respectively (see Appendix Table 1). Defense systems spending totaled \$1.05 billion.

**Table 5. Federal Agencies with at Least \$1 Billion in Procurement Awards in the Washington Metropolitan Area, 2002**  
(billions of current dollars)

Agency	2001	2002	Change	% Change*
Defense	\$12.9	\$15.9	\$3.0	23.7
GSA	5.5	5.0	- 0.5	- 8.8
HHS	1.8	2.5	0.7	36.1
Treasury	1.8	2.0	0.2	11.1
Justice	1.5	1.8	0.3	16.2
Transportation	0.6	1.6	1.0	181.1
NASA	1.1	1.3	0.2	17.4
Sum of 7 Agencies	\$25.2	\$30.1	\$4.9	19.4
All Agencies	\$31.4	\$36.1	\$4.7	14.9
7 Agencies/All	80.2%	83.4%	104.2%	

\* Percentages based on unrounded data.

GSA = General Services Administration; HHS = Health and Human Services; NASA = National Aeronautics and Space Administration

Sources: *Federal Procurement Data Center* and *GMU Center for Regional Analysis*.

“Defense-other” R&D also accounted for the largest dollar increase between 2001 and 2002, growing by \$888.3 million. This 90-percent gain accounted for just over two-thirds of the total R&D increase. Defense systems followed with a dollar increase of \$89 million. The second largest percentage increase in R&D was “medical,” growing by 42.4 percent. Defense systems R&D saw a 9.3 percent gain (see Appendix Table 1).

*Which agencies are the big spenders?*

Seven federal agencies dominate procurement outlays in the Washington region: DOD, GSA, Health and Human Services, Treasury, Justice, Transportation, and NASA. Each of these registered at least \$1 billion in sales to firms in the Washington metropolitan area (for work performed locally) in 2002 (Table 5). Together, they accounted for \$30.1 billion, or 83.4 percent of all procurement awards in the region, and expanded their purchases by a robust 19.4 percent. The nearly 20 percent increase in procurement by these seven agencies exceeded that across all other federal agencies spending at least \$1 billion in 2002 (14.9 percent).

Procurement by DOD, the largest single contractor, accounted for the largest dollar gain, as it increased by \$3 billion in FY 2002. Meanwhile, spending by the GSA, the next largest spending agency, edged down somewhat, which likely reflects its more lumpy procurement pattern owing to leasing schedules and construction and renovation of federal facilities. Since 1990, GSA’s procurement outlays in the Washington area have increased on average 11.8 percent annually.

***C. Increased procurement for homeland security and the war on terrorism drove the unusually large growth in overall procurement spending in the region***

What explains the rapid growth of federal procurement in the region in 2002? To a large degree it resulted from changes in federal spending patterns in the aftermath of September 11<sup>th</sup>—and has clearly benefited the area economically.

Without a doubt, the 14.9 percent gain in procurement spending in 2002 represents a significant

**Table 6. Major Sources of Federal Procurement Spending Increases, FY 2002**  
(millions of current dollars)

Major Source	Dollar Change
Technology-intensive and professional/managerial services	\$1,796.2
Defense-related research & development	966.4
Facility repair and construction (DOD)	489.8
Medical R&D and equipment	384.2
Security services	312.2
Other major sources:	
Transportation/relocation services (DOD)*	551.4
Chemical products (DOD)**	108.9
Total	\$4,609.1

\* DOD-chartered aircraft for moving troops and equipment (Washington area vendors)

\*\* Purchases of compressed and liquefied gas by DOD—Washington Gas and PEPCO accounted for 70 percent of sales and other local companies the remaining 30 percent.

*Source: Federal Procurement Data Center and GMU Center for Regional Analysis.*

departure. Over the previous 15 years, federal procurement spending grew at an average of 7.5 percent a year. The dramatic gain for 2002 reflects the large-scale ramp-up of federal spending associated with the war on terrorism and the Afghanistan war. Clearly, the Washington-area economy benefited enormously from shifts in federal spending priorities caused by these crises.

The four agencies responsible for the major procurement increases in 2002—Defense, Transportation, Health and Human Services, and Justice—provide some clues to the changing nature of federal procurement in the Washington area.

These agencies purchased mainly technology-intensive and professional/managerial services, defense-related R&D, medical R&D and equipment, security, and facility repair and construction (Table 6). These major sources of federal procurement change are presented by agency in Appendix Table 2.

The Department of Homeland Security, meanwhile, was established November 25, 2002. The new department combines 22 preexisting agencies into four divisions; the Secret Service and Coast Guard bring the

total to 24 units. The new department has a reported 190,000 positions, with approximately 10 percent of its employees in the Washington metropolitan area. Prior to September 11<sup>th</sup>, the 24 “homeland security” agencies operated as units in departments with broader missions. Following September 11<sup>th</sup> (which coincides closely with the beginning of FY 2002), their focus shifted to the war on terrorism.

Analyses of 2001 and 2002 procurement patterns for the Department of Homeland Security underscore the increased activity in support of the war on terrorism and highlight the importance of this

department as a source of economic activity in the Washington area. However, the full impact of the homeland security consolidation may not be evident until 2004, the first full budget year for the new department. At that time, the effects of agency consolidation on the concentration of the department’s vendors in the Washington will be evident in its procurement pattern.

Still, procurement outlays for the nine homeland security agencies that can be identified in 2001 and 2002 are indicative—and are presented in Table 7. Altogether, procurement by homeland security agencies

**Table 7. Procurement Outlays by Agencies with Existing Procurement Histories in the Department of Homeland Security, FY 2001 and 2002**  
(thousands of current dollars)

Agency	2002	% Change	% U.S. Total
Animal/Plant Health Inspection	\$18.0	147.0	22.0
FEMA	261.3	-2.3	85.3
Fed Law Enforcement Training Ctr.	6.5	169.8	7.1
Immigration & Naturalization	624.1	59.4	62.1
TSA	690.4	N.A.	71.2
U.S. Customs	595.4	262.3	65.3
U.S. Export Administration	2.4	N.A.	88.2
U. S. Secret Service	77.3	58.6	75.1
U. S. Coast Guard	382.9	236.8	31.2
Total 13 Agencies	\$2,658.4	167.1%	56.5%

FEMA = Federal Emergency Management Agency

TSA = Transportation Security Administration

Source: *Federal Procurement Data Center and GMU Center for Regional Analysis*.

increased by \$1.66 billion or 167 percent in 2002 and would have made the Department of Homeland Security the third-largest source of procurement awards in the Washington area following DOD and GSA.

Moreover, homeland security procurement turns out to be an especially Washington-focused enterprise. Homeland security-related procurement accounted for 7.4 percent of the Washington area's total federal procurement, a proportion that exceeds its share (estimated at 5.5 percent) of the area's federal workforce. In addition, these agencies' reliance on local Washington-area vendors for services far exceeds the average for all agencies. No less than 56.5 percent of Homeland Security's procurement contracting nationwide was performed by vendors in the Washington area compared with the 13.8 percent share of the national market for total procurement in the Washington area.

In a very real sense, homeland security emerged as an important "home town" business for the Washington region in 2002 and substantially benefited the area.

## Conclusion

In sum, substantial increases in federal spending in the Washington metropolitan area preserved the vitality of the region's economy in the face of national economic stagnation in 2002, and were directly linked to the war on terrorism and new spending for homeland security.

Overall, federal spending in the Washington area increased 10.4 percent in 2002 enabling the area's economy to out-perform the national economy and the economies of other major metropolitan areas. Underlying the growth in federal spending was the largest ever one-year increase in federal procurement spending for services and products provided by contractors located in the area. This \$4.7 billion increase in procurement outlays resulted in large part from new spending for homeland security and the war on terrorism as well as the growth in out-sourcing of technology-intensive and professional and managerial services. With federal spending representing about one-third of the Washington area's economy and federal procurement outlays driving employment growth, continuing spending for homeland security and the onset of the war in Iraq during 2003 should help to accelerate the

local economy's expansion in both 2003 and 2004.

In short, the power of federal spending to cushion the Washington area economy in troubled times has received one of its most dramatic demonstrations yet.

## Appendix: Methodology

For data, the study relies on information from the U.S. Census Bureau's *Consolidated Federal Funds Report* and the Federal Procurement Data Center (FPDC). The *Federal Funds Report*, published annually since FY 1983, reports all federal spending in the United States by county and state, and includes spending on salaries and wages, retirement and disability, procurement, grants, and other direct payments. Census data are the only source that allows researchers to delineate and tabulate federal spending patterns (by type and value of spending) in the Washington metropolitan statistical area (MSA).

The individual contract awards data provided by the FPDC are reported by place (jurisdiction) of performance or by contract office. For this report, data on the place of performance was chosen. In addition, the research team

was able to identify for each contract the type and value of the product or service purchased as well as the purchasing agency, vendor, and location (jurisdiction) of the work being performed.

Nationwide contract data was tabulated for both FY 2001 and 2002 as they referred to contracts let in the Washington metropolitan statistical area (MSA) as defined in 1983. A customized federal contract data file from the FPDC was purchased for use in this research.

The newly organized Department of Homeland Security posed some difficulty for the assessment process, since only nine of its 24 newly consolidated agencies have a procurement history that can be analyzed separately.

However, most of the units without histories remain very small, such as the Federal Computer Incident Response Center (housed in the General Services Administration) or the National Infrastructure Protection Center (within the Federal Bureau of Investigation). At the same time, while the independent awards of some units could not be separated out from the larger agencies into which they had been consolidated, for the most part the striking story of homeland security spending could be reported quite clearly.

*Definition of Washington Metropolitan Area.* The Washington metropolitan area referenced throughout this report conforms to the U.S. Census Bureau definition that existed in 1983 in order to maintain geographic consistency over the 20 years that federal spending and procurement have been analyzed by this author. This area consists of three sub-state parts: the District of Columbia, Suburban Maryland—Calvert, Charles, Frederick, Montgomery and Prince George’s Counties; and Northern Virginia—Arlington, Fairfax, Loudoun, Prince William and Stafford Counties and the Independent Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

## Endnotes

- 1 Stephen S. Fuller holds the Dwight Schar Faculty Chair and is University Professor in the School of Public Policy at George Mason University. He is also a guest scholar in the Brookings Greater Washington Research Program.
- 2 Stephen S. Fuller, “The Impact of Federal Procurement on the National Capital Region” (Washington: National Capital Planning Commission, 2002).

## Links

Visit <http://CRA.gmu.edu> for monthly reports on the Washington area economy and other aspects of the Washington economy.

**Appendix Table 1. Major Sources of Federal Procurement Awards in the Washington Area, 2002**  
(billions of current dollars)

Category	FY 2002	Change	% Change*
Research and Development	\$4.47	\$1.32	42.2
Defense-Other**	1.88	0.89	89.6
Defense Systems	1.05	0.09	9.3
Space	0.48	0.08	20.7
Medical	0.33	0.10	42.7
Sub-Total R&D	\$3.74	\$1.16	
% Total R&D	83.7%	87.4%	
Services	\$25.26	\$2.78	12.3
ADP/Telecomm***	9.79	- 0.23	- 2.3
Professional/Mgmt	7.64	1.74	29.5
Facility Construction	1.20	0.38	45.7
Transportation/Travel	1.10	0.51	85.0
Facility Leasing/Rental	0.89		- 0.3
Property Maintenance/Repair	0.70	0.70	127.8
Special Studies/Analyses	0.69		0.5
Equipment Maintenance/Repair	0.58	0.19	48.7
Housekeeping Services	0.57	0.16	37.9
Sub-Total Services	\$23.16	\$3.43	
% Total Services	91.7%	123.5%	
Supplies and Equipment	\$6.14	\$0.56	10.0
ADP and Software	3.07	0.13	4.4
Comm./Detection Equip.	0.75	0.14	23.1
Lab Equipment	0.31	0.21	212.3
Chemical Products	0.21	0.11	110.5
Sub-Total S&E	\$4.34	\$0.60	
% Total S&E	70.7%	106.5%	

Sources: Federal Procurement Data Center and GMU Center for Regional Analysis.

\*percentage change from 2001 based on unrounded data.

\*\*includes all defense-related R&D procurement not classified elsewhere for all federal agencies; this category of R&D includes NAICS codes for management and business support services that typically are technology-intensive.

\*\*\*ADP=automatic data processing and related technology services.

**Appendix Table 2. Major Sources of Federal Procurement by Agencies with Large Increases in Federal Purchases in the Washington Area, 2001 and 2002**  
(millions of current dollars)

<b>Agency</b>	<b>Service/Product</b>	<b>\$ Change</b>	<b>% Change*</b>
Defense – R&D	Defense-Other	\$329.6	35.5
	Defense Systems	88.6	9.2
	Science/Technology	81.2	123.6
	Medical	77.2	209.0
	Products	111.5	693.7
	Chemical Products	108.9	136.7
	Services	749.1	34.5
	Professional/Mgmt	551.4	127.5
	Transportation**	375.4	76.8
	Construction	167.0	5.6
Sub-Total DOD	ADP/Telecomm***	114.4	41.6
		\$2,754.3	
Percent All DOD Increase		88.6 %	
DOT - R&D	Defense-Other	\$548.2	36,449.7
	Products	170.8	1,814.5
	Services	185.0	183.2
	ADP/Telecomm***	58.9	29.5
	Sub-total DOT	\$962.9	
Percent All DOT Increase		90.8%	
HHS – Products	Medical Equipment	\$212.0	1,322.3
	Special Machinery	95.0	114,441.0
	Software	71.2	67.5
	Services	159.2	51.1
	Sub-Total HHS	\$537.4	
Percent All HHS Increase		81.7%	
Justice – Services	Professional/Mgmt	\$199.8	52.4
	ADP/Telecomm	124.8	20.8
	Guard Services	29.9	258.9
Sub-Total Justice		\$354.5	
Percent All Justice Increase		141.8%	
Total Major Sources of Increase		\$4,609.1	
Percent Total Procurement Increase		98.8%	

\*percentages based on unrounded data.

\*\*includes relocation outlays.

\*\*\*ADP=automatic data processing and related technology services.

DOT = Transportation; HHS = Health and Human Services

Sources: *Federal Procurement Data Center and GMU Center for Regional Analysis*.

## Acknowledgments

The author would like to express his appreciation to the Greater Washington Research Program of the Brookings Institution for its continuing support of his research on the impacts of federal spending on the Washington area economy. Even more important than the financial support received has been the encouragement and constructive criticism provided by Director Alice M. Rivlin and Deputy Director David Garrison. Their insight and knowledge of the Washington area helped sharpen the analyses and their conclusions. Also invaluable was the on-going technical support provided by John L. Preston, who made sense of the FPDC data files and got the numbers to add up. The author thanks these and many other colleagues who have helped to bring this report to fruition although he takes full credit for any errors or omissions that may have crept into it.

The Brookings Greater Washington Research Program would also like to express its appreciation for the continuing funding provided by the Prince Charitable Trust, the Philip Graham Fund, and the Fannie Mae, Cafritz, Annie E. Casey, and Meyer foundations. Their support for research and analysis about the Washington region has helped extend the understanding of this multifaceted metropolitan area and contributed to more effective public policy formulation in responding to area problems and opportunities.

### **For more information:**

Stephen S. Fuller  
Dwight Schar Faculty Chair and University Professor  
School of Public Policy  
George Mason University  
703-993-3186 (o)  
703-993-4557 (fax)  
[sfuller2@gmu.edu](mailto:sfuller2@gmu.edu)

### **For general information:**

202-797-6139  
[www.brookings.edu/washington](http://www.brookings.edu/washington)



## THE BROOKINGS INSTITUTION

1775 Massachusetts Avenue, NW • Washington, DC 20036-2103

Tel: 202-797-6000 • Fax: 202-797-6004

[www.brookings.edu](http://www.brookings.edu)



CENTER ON URBAN AND METROPOLITAN POLICY

BROOKINGS GREATER WASHINGTON RESEARCH PROGRAM

Phone: (202) 797-6139 • Fax: (202) 797-2963

[www.brookings.edu/washington](http://www.brookings.edu/washington)