A REPORT OF THE CSIS DEFENSE-INDUSTRIAL INITIATIVES GROUP AND THE PROJECT ON U.S. LEADERSHIP IN DEVELOPMENT

Contract Spending by the Department of State and the U.S. Agency for International Development

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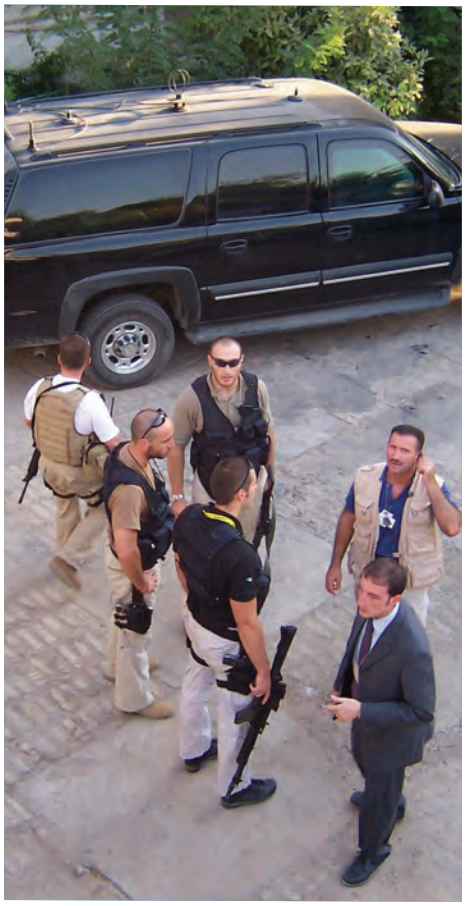

June 2012

50 YEARS | CHARTING OUR FUTURE

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

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ISBN 978-089206-739-8

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1 Introduction

This report examines the budgetary trends and trends in contract spending in the Department of State (DoS) and the U.S. Agency for International Development (USAID). The report is divided into six sections, including this introduction and an appendix. Unless otherwise noted, all dollar figures are in constant 2010 dollars and all years are fiscal years.

Section 2 presents the top line budgets of DoS and the U.S. International Assistance Program (IAP), which also includes the USAID budget, for the years 1990–2011. DoS experienced significant growth as of 2000, when its budget authority was around $10.2 billion, to reach a budget authority of $26.4 billion in 2011. Growth in IAP spending has been less constant, though it has been steady in recent years.

Section 3 analyzes federal-level funding for international economic assistance and breaks down the contributions by various government agencies. Unsurprisingly, security-related spending, including funding for counterterrorism, counternarcotics, and reconstruction programs, has accounted for much of the growth in funding over the past decade. However, spending on traditional USAID economic assistance and global health have also contributed to the growth in international economic assistance budgets in recent years.

The next two sections present trends in contract spending by DoS and USAID. Section 4 examines top-line obligations by agency and the breakdown of spending between products and services. Section 5 analyzes DoS and USAID contract spending using three key contract characteristics: extent of competition, type of funding mechanism, and type of contract vehicle. As in all other CSIS reports on federal contract spending, this study relies on the Federal Procurement Data System (FPDS) as its primary source of contracting data. For data availability and reliability reasons, the contracting trends are analyzed for the years 2000–2011.

The last section in this report analyzes the industrial base supporting DoS and USAID. It compares the top 20 contractors for DoS and USAID in 2006 and 2011 and analyzes the differences in the composition of companies in the two lists. It also presents a breakdown of the industrial base into three size categories (small, medium, and large companies) and compares the market share of each throughout the years 2000–2011.

The use of FPDS data involves several notable restrictions. First, FPDS includes only unclassified prime contract actions worth over $2,500 ($25,000 for the years prior to 2005). Therefore, no unclassified contracts, contracts worth less than $2,500, or subcontracts are included in this report's analyses. In addition, FPDS analysis is limited to contracts that are contracted through DoS and USAID and does not include those funded by DoS or USAID but contracted by other government entities. Third, contracts awarded as part of supplemental spending are not separately classified in FPDS. As a result, this report does not distinguish between contracts funded by the DoS and/or USAID base budget and those funded by supplemental appropriations.

2 Top Line DoS and IAP Budget Data

This section presents the federal-level budget data for the Department of State (DoS) and the International Assistance Programs (IAP). IAP is composed of numerous relevant federal departments and agencies, including the U.S. Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), the International Security Assistance account, the Overseas Private Investment Corporation (OPIC), the Inter-American Foundation, and the U.S. Trade and Development Agency (USTDA). These are the primary departments and agencies that are allocated funding for international development and assistance, although there are others. A full list of assistance programs is provided in the appendix in Section 7 of this report.

The DoS and IAP budgets fluctuated significantly during the 1990s. Starting in 2000, DoS experienced sustained growth in its outlays, primarily driven by increases in budget authority. The picture for the IAP budget is more mixed, with additional fluctuations through 2007 after which growth became more sustained. In 2011, both agencies experienced a slight decrease in budget authority, although outlays for both increased slightly. The proposed budgets see further growth in 2012 and 2013 before reverting to $25 billion in budget authority for DoS and between $11 and $17 billion in budget authority for IAP for the remaining estimated years.

Figure 2-1 below tracks the appropriated budget authority for DoS and IAP for the period 1990–2011, as well as estimated appropriations for 2012–2017. Figure 2-2 examines the total outlays and estimated outlays for the same 27-year period.

Budget Authority by Agency—Figure 2-1

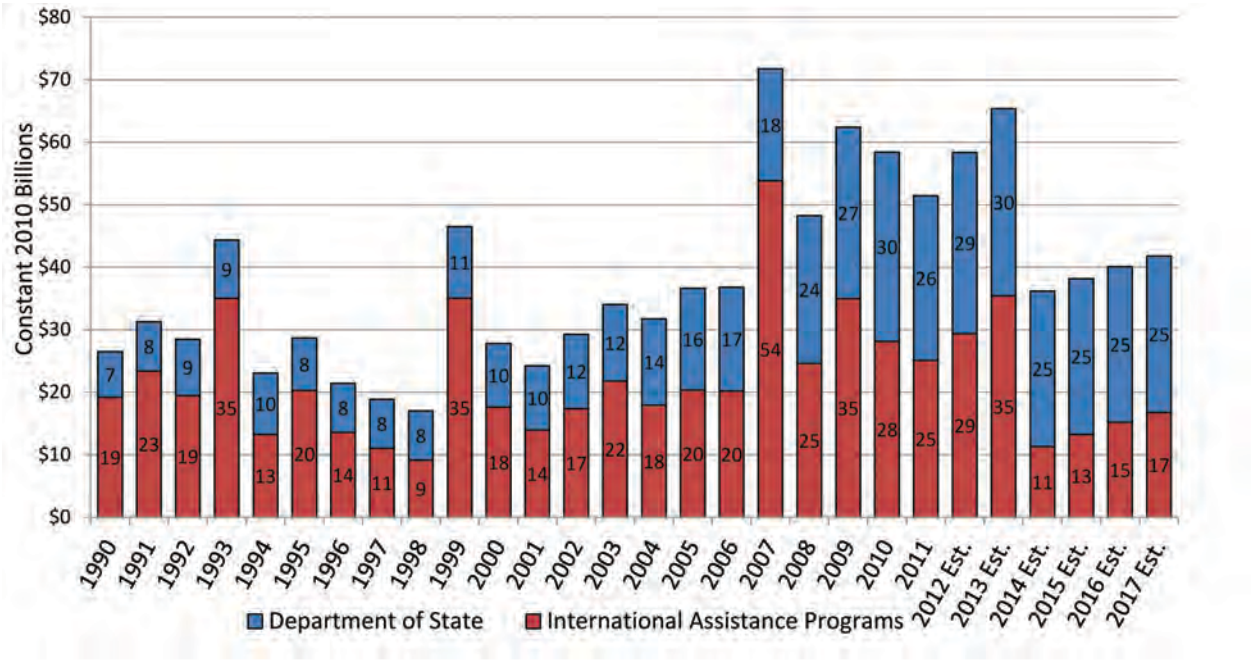
Budget authority allocated to DoS and IAP during the years 1990–2017 reveals two distinct overall trends. For DoS, growth during the years 1990–2011 was uneven but sustained, increasing by 261 percent, predominantly in the last decade. Meanwhile, budget authority for IAP fluctuated annually, increasing by a total of 31 percent. Much of this volatility can be attributed to the fact that annual appropriations are often not fully expended during the year for which they were appropriated but carry over into the following year.

As Figure 2-1 illustrates, the DoS budget authority remained at or below $10 billion until 1999, after which point it grew gradually in absolute terms, reaching its peak of $30.3 billion in 2010 and decreasing the following year. Examining the 1990–2011 time period, the largest year-on-year growth occurred in 1998–1999, 2004–2005, and 2007–2008, with growth rates of 45, 18, and 32 percent, respectively. For all other years, annual growth remained below 18 percent. For 2012–2017, the estimates range from a high of $30 to $25 billion by the end of the period. Despite this projected decrease, the trajectory suggests relative stability with the budget authority hovering at around $25 billion starting in 2014.

For IAP, budget authority during the years 1990–2011 was volatile, particularly relative to DoS. Furthermore, the IAP budget has been consistently larger than that of DoS for all years, except 2010 and 2011, when it decreased to $25 billion. However, for the years 2012 and 2013, the estimated budget authority resumes an upward trend reaching $29.4 and $35.4 billion, respectively, before dropping to as low as $11.3 billion through 2017. The years that saw the strongest growth were 1992–1993, 1998–1999, and 2006–2007, with increases of 80, 284, and 167 and percent, respectively. Despite overall growth of 31 percent for the 21-year period, the

estimated budget authority for the period 2012–2017 predicts a 43 percent decrease.

Figure 2-1. Budget Authority by Agency, 1990–2017 (est.)



Source: Office of Management and Budget; CSIS analysis.

Outlays by Agency—Figure 2-2

Outlays for DoS and IAP exhibit more consistency than budget authority and have remained relatively stable during 1990–2007. Spending by DoS accounted for an average of 40 percent of total combined outlays during the earlier years and more than 50 percent beginning in 2007 before overtaking IAP for all subsequent years.

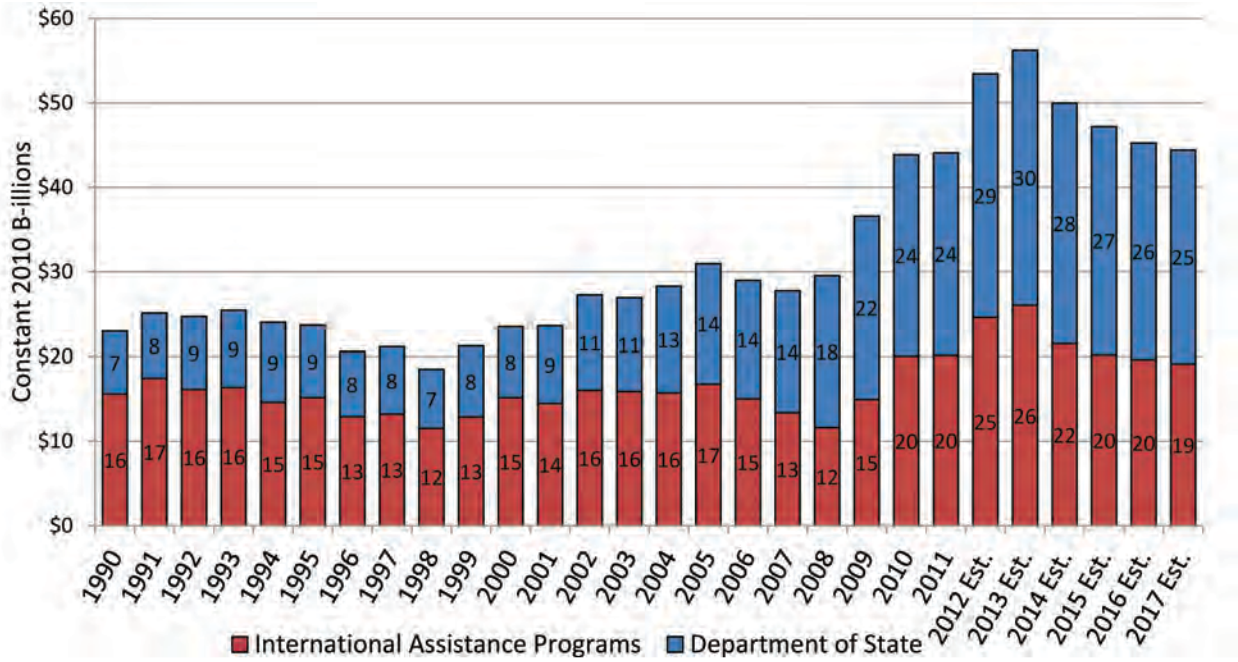
DoS outlays increased by a total of 222 percent, with growth from $7.4 billion in 1990 to $23.9 billion in 2011. The largest year-on-year increases occurred in 2001–2002 and 2007–2009 with growth rates ranging between 21 and 24 percent. The strongest period of consecutive annual growth began in 2007, with spending increasing from $14.4 to $23.9 billion in 2011 (66 percent growth).

IAP outlays increased by 30 percent overall, from $15.6 in 1990 to $20.2 billion in 2011. From 1990 to 2008, total outlay spending fluctuated between a high of $17.5 billion and a low of $11.5. During this timeframe the strongest period of decreased spending occurred between 2005 and 2008. In the following years however, total outlay spending resumed an upward trend in 2009 and 2010 increasing by 28 and 34 percent respectively and reaching record highs for the 1990–2011 period.

Between 2011 and 2013, outlays are estimated to increase by 26 percent for DoS and 29 percent for IAP. This proposed growth coincides with the years leading up to the withdrawal

from Afghanistan in 2014. Subsequent years are expected to see lower levels of spending in both accounts.

Figure 2-2. Outlays by Agency, 1990–2017 (est.)



Source: Office of Management and Budget; CSIS analysis.

3 Economic Assistance Budgets

Large shares of the DoS and IAP budgets go toward economic assistance activities. This is a term of art that captures a wide variety of transfers from the government of the United States. Assistance for security-related purposes, which is included in this category, has driven much of the increase in the past decade, but global health programs have also been an important part of the mix. Funding for U.S. government economic assistance is broken down into four principal categories: USAID and Predecessor, DoS, Department of Agriculture (USDA), and Other Economic Assistance. Figure 3-1 and the accompanying table below present the economic assistance data by funding agency for the years 1990–2010. Though not part of the economic assistance category, Figure 3-1 also includes Department of Defense (DoD) security assistance funding, as this has consistently been one of the larger categories of foreign assistance spending. For a complete list of the economic assistance budget categories broken down by individual agencies and funds, see Table 7-2.

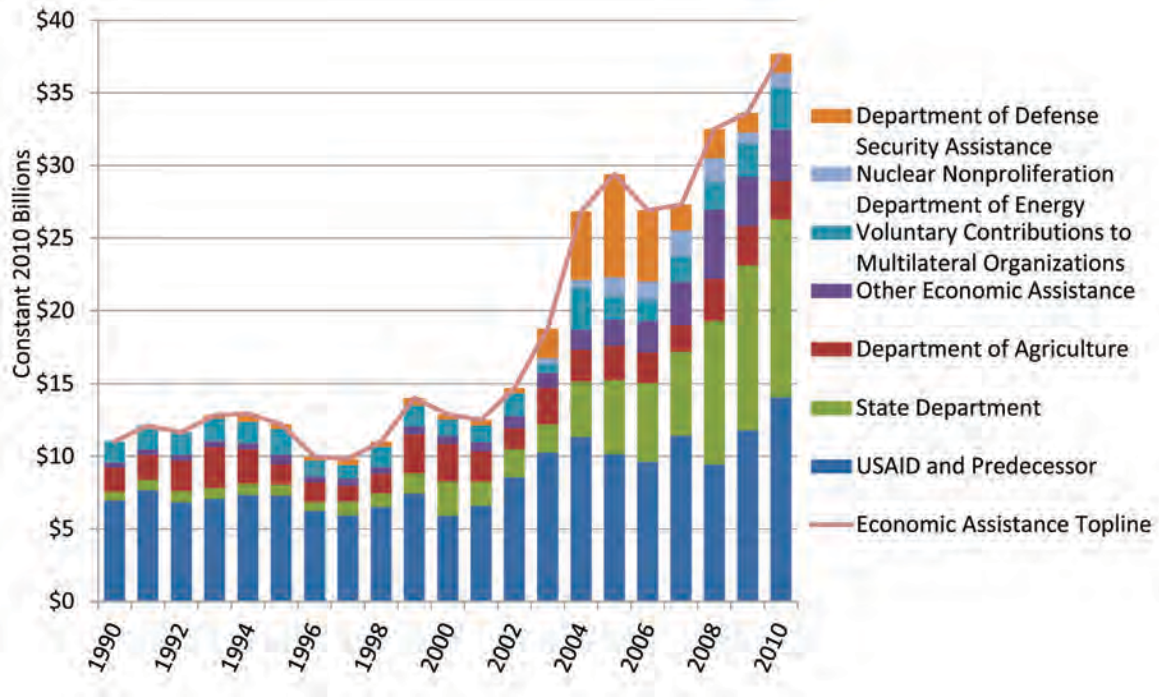
U.S. Economic Assistance Spending—Figure 3-1

In the early 1990s, the majority of economic assistance funds were channeled through USAID to support stabilization and reform efforts in the former Soviet Union and in Eastern Europe. This aid phased out after 1995 and drove down overall U.S. economic assistance spending. Post-2001, U.S. counterterrorism policies entailed significant economic engagement with partner countries in Africa, the Middle East, and South Asia, creating a surge in economic assistance spending. Indeed, total U.S. government economic assistance outlays nearly doubled between 2001 and 2004.

Growth in outlays from DoS and DoD account for a large part of the 2001–2004 increase. The majority of DoD's assistance spending is related to the Iraq Relief and Reconstruction Fund, while growth in DoS outlays was driven primarily by increases in development and counterterrorism/counternarcotics activities. Growth in the USAID budget stemmed primarily from international development–related programs in addition to increases in operating expenses. This spending fluctuated substantially during the past two decades, although it was on average higher in the past decade than it was in the 1990s.

The consolidation of USAID and DoS spending on global health programs (including HIV/AIDS and child health programs) under the DoS budget accounts for the large increase in that DoS spending from 2007 to 2009.

Figure 3-1. U.S. Economic Assistance Spending by Function, 1990–2010



Note: Due to the large size of Defense Nuclear Nonproliferation and Department of Defense Security Assistance, they are broken out of the category Other Economic Assistance.

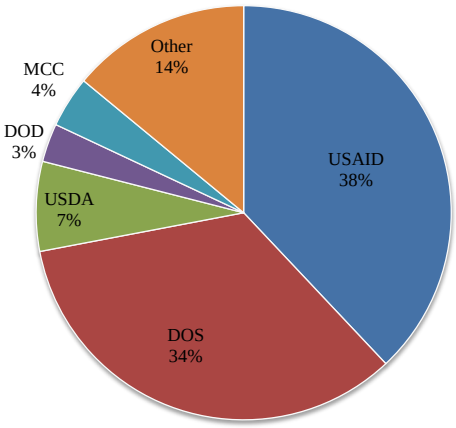
Note: Economic assistance excludes military assistance.

Source: USAID Greenbook.

Breakdown of Economic Assistance by Funding Agency, FY2010—Figure 3-2

Out of a total $38 billion obligated dollars for economic assistance, DoS and USAID claimed majority shares of 34 and 38 percent, respectively. The remaining 28 percent was split between USDA (7 percent), DoD (3 percent), and MCC (4 percent). The "Other" category, composed of the remaining agencies featured in the adjoining table, accounts for 14 percent of total economic assistance spending. The two most prominent contributors in the "Other" category were the Department of Energy and the Department of Health and Human Services, which accounted for 3 and 2 percent, respectively.

Figure 3-2. FY2010 Breakdown of Economic Assistance by Funding Agency



(FY2010 Obligations, $US 38 billion)

Funding Agency (U.S. 2010 Millions)	Obligations	Disbursements
USAID	14,369	10,489
Department of State	12,618	9,453
Department of Agriculture	2,638	2,590
Department of the Treasury [a]	2,246	2,239
MCC	1,617	1,288
Department of Defense	1,278	1,252
Department of Energy	1,037	734
Department of Health and Human Services	918	740
Peace Corps	354	274
Department of the Interior	343	343
Department of Labor	67	70
Trade and Development Agency	50	42
Environmental Protection Agency	41	9
African Development Foundation	33	33
Inter-American Foundation	26	27
Department of Justice	14	13
Open World Leadership Center	13	15
Department of Commerce	7	7
Department of Transportation	2	2
Federal Trade Commission	1	1
Department of Homeland Security	0	0

* Over 97 percent of the Department of Treasury's economic assistance obligations and disbursements are U.S. contributions to multilateral organizations.

Source: U.S. Overseas Loans and Grants, "Foreign Assistance Fast Facts: FY2010," http://gbk.eads.usaidallnet.gov/data/fast-facts.html.

4 Overall DoS and USAID Contracting Trends

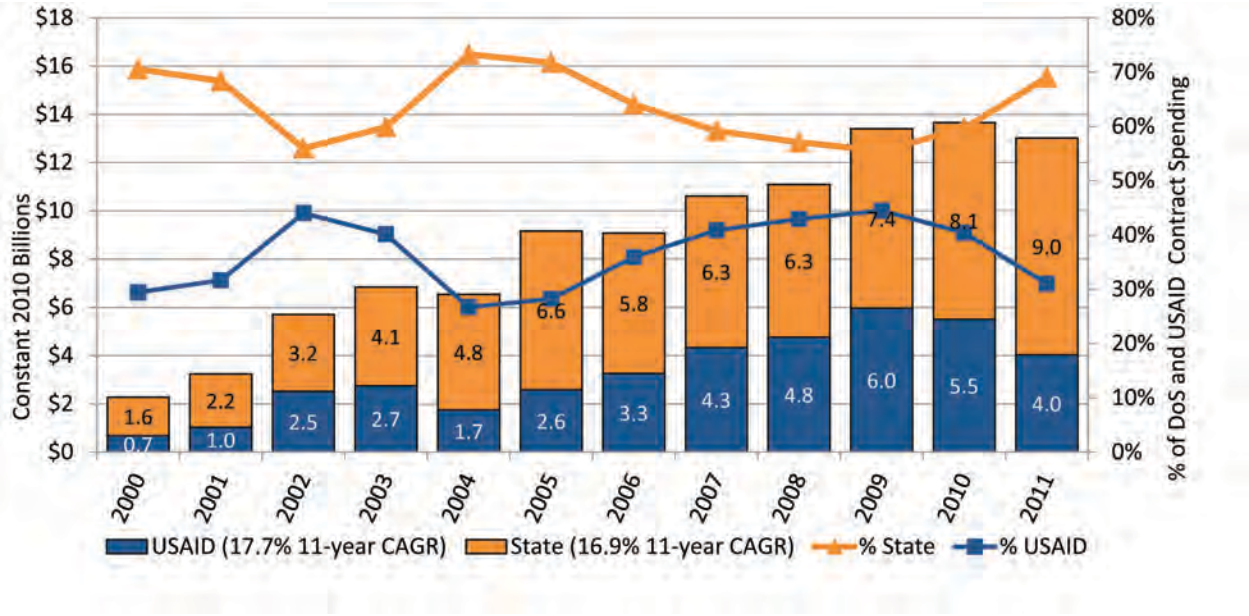
This section presents data on contract spending trends in DoS and USAID for the years 2000–2011. In this report, contract spending is defined as the department's purchase of a product or service from an external, nongovernment source. In the figures below, contract spending in 2010 dollars is shown by the bars and on the left-side y-axis and as a percentage of total DoS and USAID outlays by the lines at the top of the graph and the percentages on the right-side y-axis.

Total Top Line DoS and USAID Contract Spending—Figure 4-1

Total contract dollars spent by USAID increased from $700 million in 2000 to $4 billion in 2011, an 11-year growth of 501 percent. The years with the highest annual growth were 2000–2001 (52 percent), 2001–2002 (145 percent), and 2004–2005 (48 percent). USAID share of total USAID and DoS contract spending fluctuated between 27 and 44 percent.

Contract spending by DoS grew from $1.6 billion in 2000 to $9 billion in 2011, an increase of 458 percent. The largest year-on-year increases occurred during 2000–2001 (37 percent), 2001–2002 (44 percent), and 2004–2005 (37 percent). As a share of total DoS and USAID contract outlays, dollars spent by DoS accounted for between 56 and 73 percent each year.

Figure 4-1. Top Line DoS and USAID Contract Spending



Source: Federal Procurement Data System; CSIS analysis.

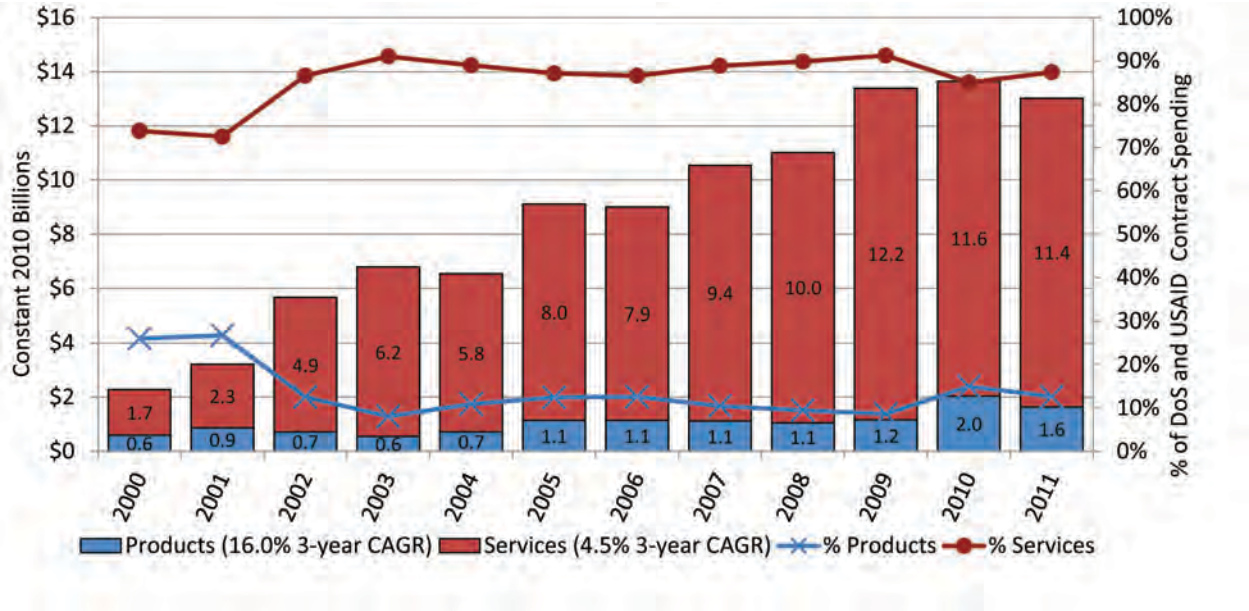
DoS and USAID Contract Spending for Products and Services—Figure 4-2

An overwhelming majority of DoS and USAID contract dollars are spent on services (including R&D). Between the years 2000–2011, services increased from $1.7 billion in 2000 to $11.4

billion in 2011, a total increase of 575 percent. As a share of overall contract spending, services ranged between 73 and 91 percent. The largest annual increase occurred in 2001–2002, with a 111 percent jump in spending. In addition, spending over the last three years increased at a compound annual growth rate (CAGR) of 4.5 percent.

Spending on products experienced slower growth. In 2000, products accounted for $600 million and in 2011 for $1.6 billion, an 11-year growth of 176 percent at an annual growth rate of 9.7 percent. However, products accounted for a small share of total DoS and USAID spending. During the years 2000–2001, products accounted for 26-27 percent of total spending, but in the 2002–2011 timeframe, their share decreased to between 8 and 15 percent. Although spending on products increased markedly in absolute terms during the last three years (a 16 percent CAGR), their share of overall contract spending remained less than 15 percent.

Figure 4-2. DoS and USAID Contract Spending for Products and Services



Source: Federal Procurement Data System; CSIS analysis.

DoS and USAID Contract Spending by Service Area—Figure 4-3

Spending on professional, administrative, and management (PAMS) was the single largest service category for the 2000–2011 period, with an aggregate total of nearly $53 billion spent on this service area. Increasing a total of 605 percent in 11 years (from $800 million to $5.8 billion) at a rate of 19.4 percent per year, this area's share of total DoS and USAID contract spending ranged between 35.9 to 57.3 percent. Relative to the other service areas, spending on PAMS was heaviest during 2006–2010, when its share of total contract spending was over 54 percent.

The second-largest service area was that of facilities-related services and construction (FRS&C). Dollars spent in this area ranged from $500 million to $3.5 billion per year, with total growth of 633 percent over 11 years (a 19.9 percent 11-year CAGR). Despite decreases in

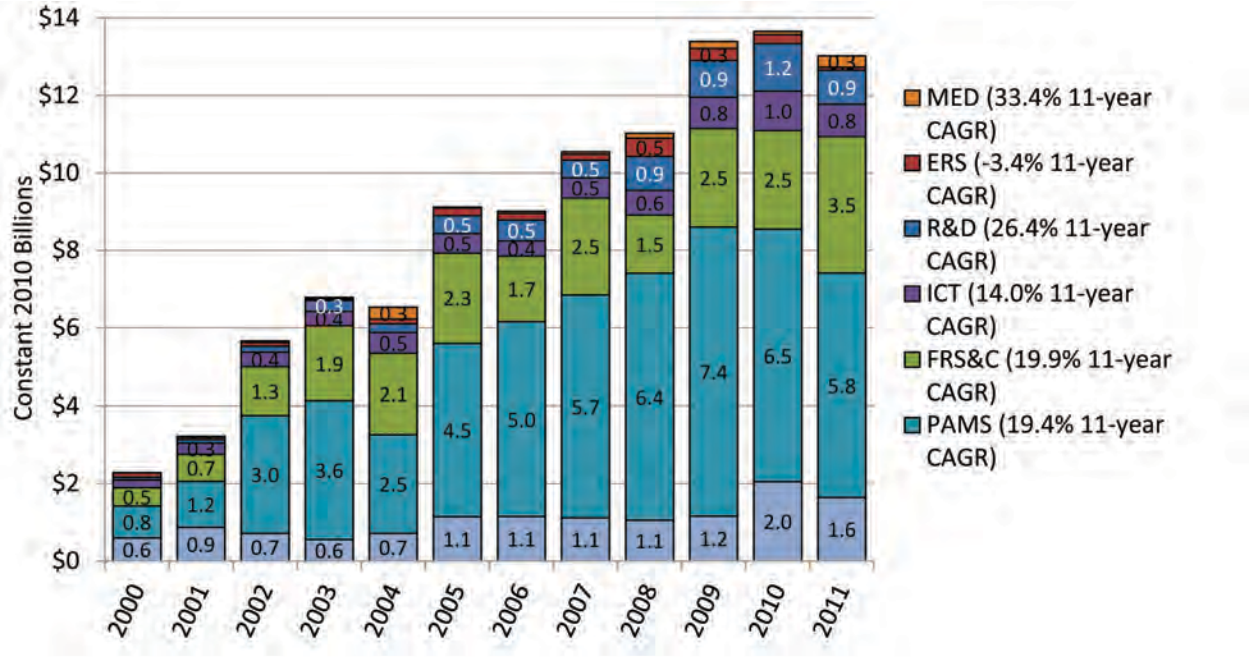
absolute terms in 2006 and 2008, spending on FRS&C hovered around $2.5 billion during the last five years, reaching a peak level of $3.5 billion in 2011.

Increasing four-fold in absolute terms, information and communications technology (ICT) grew from $200 million in 2000 to $800 million in 2011 (total growth of 322 percent). Ranking third in terms of dollars spent, ICT grew at an 11-year CAGR of 14 percent.

Accounting for 3 to 4 percent of total DoS and USAID spending between 2000 and 2004, R&D gradually grew to claim a 7 to 8 percent share in 2010 and 2011. In dollars, this equates to just under $100 million in 2000 with growth to roughly $1 billion in 2011 (a 1,216 percent increase at an 11-year CAGR of 26.4 percent). Of all the service areas, R&D grew at the second largest 11-year CAGR.

The two smallest service areas in dollar terms were equipment-related services (ERS) and medical services (MED) with aggregate totals for the years 2000–2011 of $2 billion and $1.2 billion dollars, respectively. ERS accounted for less than 2.5 percent of total DoS and USAID dollars each year, except in 2000 and 2010 when its share was around 4.5 percent. In absolute terms, ERS ranged from $40 million to $500 million. The smallest service area was medical services, which grew from $10 million in 2000 to $300 million in 2011 at an annual growth rate of 33.4 percent, the highest of all service areas during this period.

Figure 4-3. DoS and USAID Contract Spending by Service



Note: Unlabeled data, totaling less than $300 million a year, is excluded from this figure.

Source: Federal Procurement Data System; CSIS analysis.

5 Key Characteristics of DoS and USAID Contracts

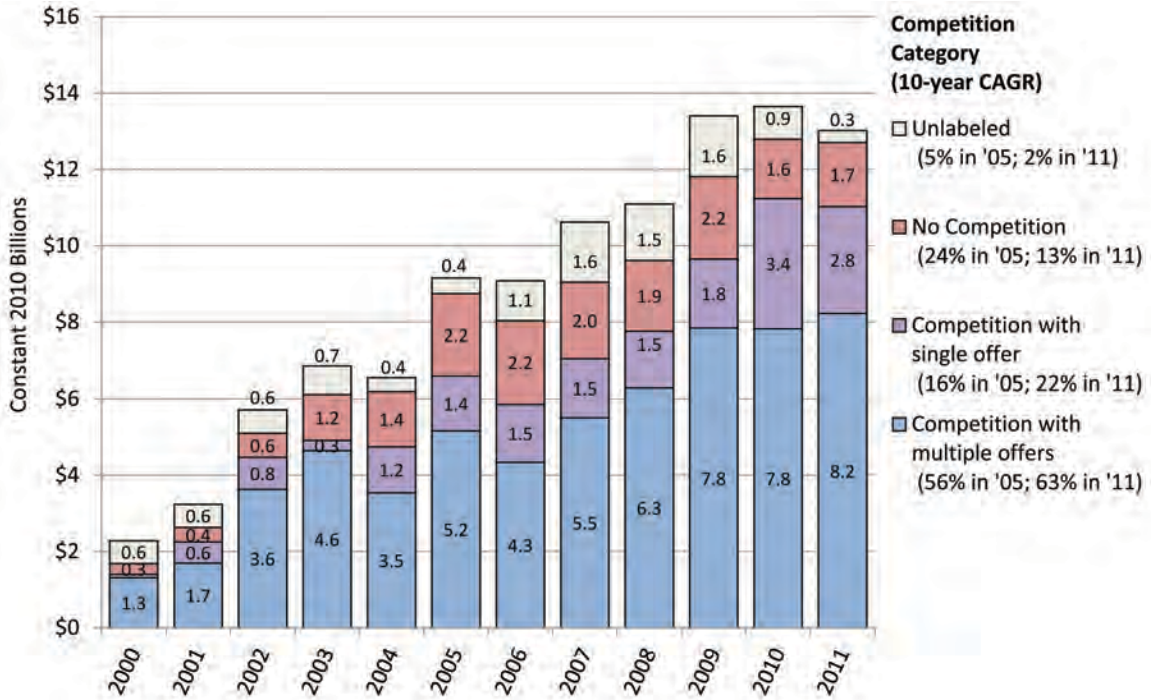
This section examines DoS and USAID contract awards using three primary contract characteristics: level of competition, funding mechanism, and contract vehicle. Level of competition (Figure 5-1) is analyzed according to the competitive procedures used and the number of offers received from distinct contractors before the award, as reported in FPDS. Funding mechanism (Figure 5-2) presents the conditions under which the government pays its obligations and is divided into the categories of cost reimbursement, fixed price, time and materials (a form of cost-based contract distinguishable from cost reimbursement by the responsibilities assumed by the customer and the contractor), "combination" (a mix of cost and fixed-price), and "other." Lastly, the characteristic of contract vehicle (Figure 5-3) consists of the categories definitive contracts, purchase orders, and indefinite delivery contracts. Note that within the indefinite delivery contract vehicle category there are both multiple-award and single-award contracts, as well as a variety of special purpose vehicles.

DoS and USAID Contract Spending by Level of Competition—Figure 5-1

Contracting by DoS and USAID occurs in an increasingly competitive environment. As shown in Figure 5-1, the majority of contract actions (between 52 and 68 percent for all years except 2006, when the share was 48 percent) were awarded on a competitive basis after receiving multiple offers. During the last three years (2008–2011), the total value of competitively awarded contracts with multiple offers increased by 9.4 percent per year. However, in the same period, total dollars awarded competitively after receiving only a single offer increased at 24 percent per year. This may indicate that DoS and USAID are approaching the limits of competition that their contractor base can provide.

In parallel, the total value of non-competed contracts dropped at a -3.2 percent three-year CAGR, while the value of contracts in the "Unlabeled" category declined even more precipitously (-40.6 percent three-year CAGR). Contracts in this latter category are those that the contracting office did not categorize or those for which contradictory information was recorded (e.g., a non-competed contract received multiple offers or a competed contract received zero offers). This increase in competed contracts and decrease in uncompleted ones, particularly in the last three years, indicate that the president's guidance issued to government departments and agencies in 2009 and directing them to maximize competition in their contracting processes is bearing fruit, as are government-wide efforts to improve data quality.

Figure 5-1. DoS and USAID Contract Spending by Competition



Note: Unlabeled data, totaling less than $100 million a year, is excluded from this figure.

Source: Federal Procurement Data System; CSIS analysis.

DoS and USAID Contract Spending by Funding Mechanism—Figure 5-2

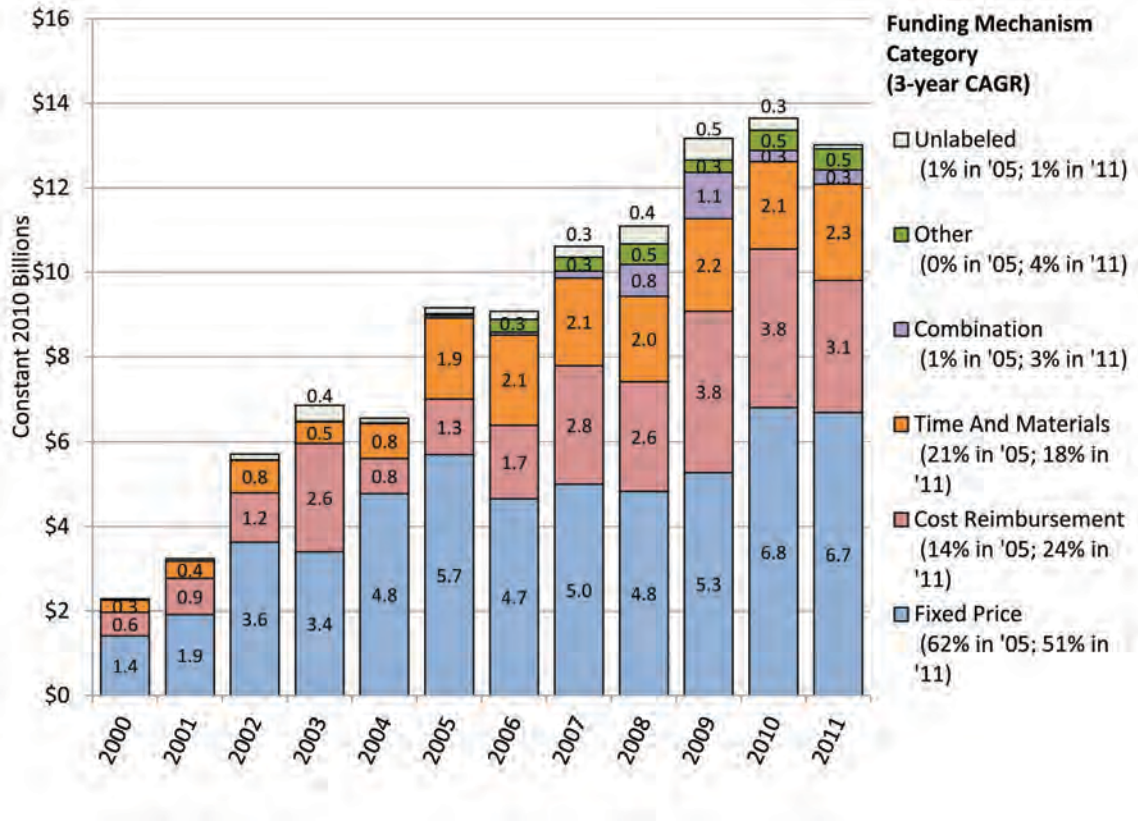
DoS and USAID contract spending is largely dominated by fixed-price contracts, which claimed between 50 and 73 percent of the total share until 2007, after which point its share fell to between 40 and 51 percent. This change may have been driven by the difficulties of contracting during stabilization operations in Iraq and Afghanistan. However, in 2010 and 2011 fixed-price contracts rebounded to 51 percent of obligations accounting for a three-year CAGR of 11.4 percent.

Like fixed-price contracts, those awarded by way of cost reimbursement also account for a large share of total contracts. In fact, the total value of cost-reimbursement contracts (by which contractors are reimbursed for expenses identified in the contract on top of a base fee) increased 461 percent to reach $3.1 billion in 2011, up from $600 million in 2000. However, this growth has slowed in recent years resulting in a lower three-year CAGR than that of fixed-price contracts (6.5 percent for cost reimbursement and 11.4 percent CAGR for fixed price). Time and materials contracts receive the third-largest share of dollars and also came into increasing use from 2000 to 2005 but have since held steady above $2 billion annually.

Combination contracts, which were rarely used until 2008 and 2009, peaked during those two years followed by a rapid collapse (- 24.3 percent three-year CAGR). The decrease from $1.1 billion in 2009 to $300 million in the following year may be the result of growing concern

over the use of combination contracts as they often obfuscate the true basis of the expenditure of public funds.

Figure 5-2. DoS and USAID Contract Spending by Funding Mechanism



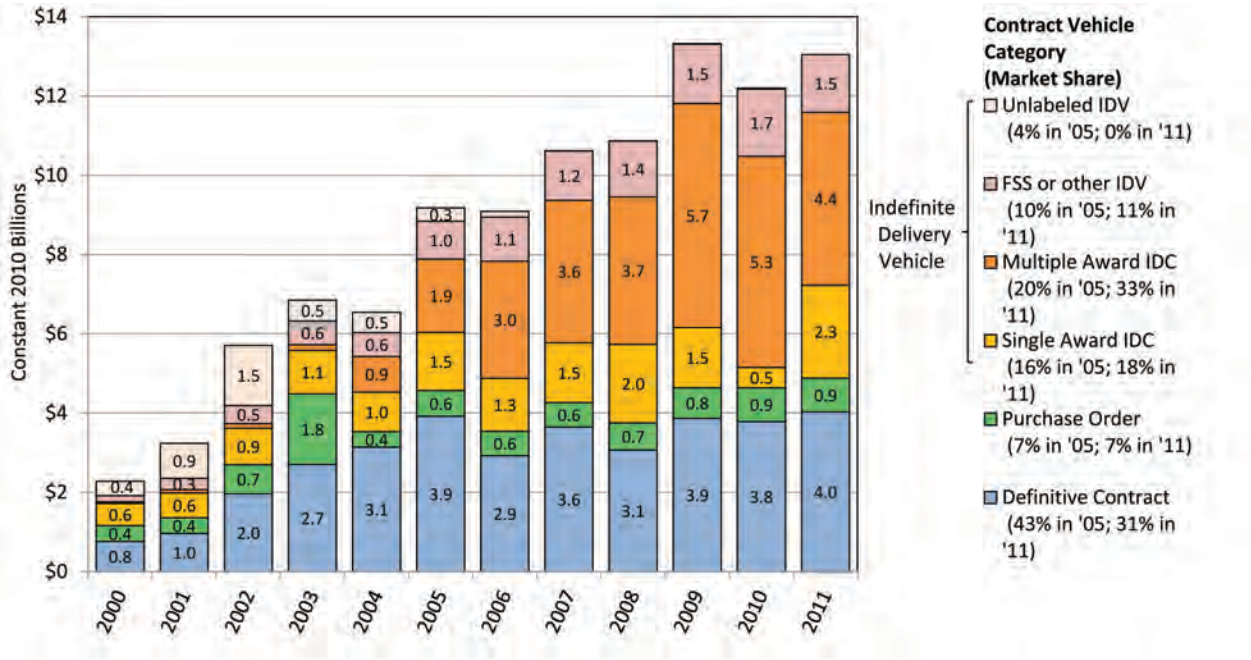
Note: Unlabeled data, totaling $200 million a year or less, is excluded from this figure.

Source: Federal Procurement Data System; CSIS analysis.

DoS and USAID Contract Spending by Contract Vehicle—Figure 5-3

Prior to 2005, the total value of DoS and USAID spending on definitive contracts for economic assistance projects roughly kept pace with that of contracts awarded with indefinite delivery vehicles (IDVs), which are more general-purpose contracts that can be associated with multiple delivery orders. However, after 2005, the use of definitive contracts largely hovered above $3.5 billion, except in 2006 and 2008, while the total value of IDV contracts grew rapidly. During the 2008–2011 period, the total value of definitive contracts increased at an annual average rate of 9.5 percent, while IDV contracts grew by 6.2 percent per year. Between 2009 and 2011, the use of IDV contracts decreased from its combined peak of $12.6 billion to $12.2 billion. Meanwhile, the value of purchase orders increased at 7.9 percent annually during that three-year period, although their total value remained under $1 billion for all years other than 2003.

Figure 5-3. DoS and USAID Contract Spending by Contract Vehicle



Note: Unlabeled data, totaling $200 million a year or less, is excluded from this figure.

Source: Federal Procurement Data System; CSIS analysis.

6 The Industrial Base Supporting DoS and USAID

This section examines the industrial base supporting DoS and USAID. Using the FPDS data sets for the years 2006 and 2011, the top 20 DoS and USAID contractors in each year (by value of total contract actions obligated) are compared. Next, the industrial base is broken down into small, medium, and large companies, and trends are presented for the market share (by value of contract actions obligated) for each size category during the 2000–2011 period.

Top 20 DoS and USAID Contractors, by value, 2006 and 2011—Table 6-1

Table 6-1 lists the top 20 DoS and USAID contractors in 2006 and 2011 based on dollars obligated (in current 2010 millions). The years 2006 and 2011 reflect the middle and end points of the 2000–2011 timeframe examined in this report. The table provides key insight as to the major players in the federal international development market and illustrates the changing landscape of this industrial base over the past decade.

A key comparison is of the share of the top 5 and top 20 contractors in the two years. In 2006, a company needed to have some $70 million in DoS and USAID contract dollars to make the top 20; by 2011, that amount had doubled to $140 million. However, the difference in total contract dollars awarded to the first and last companies on the list decreased: in 2006 it was about $1.2 billion, whereas by 2011 it had shrunk to $790 million.

DoS and USAID contract dollars awarded to the top 20 firms in 2011 ($5.9 billion) was $1.6 billion more than the total dollars awarded in 2006 ($4.3 billion). Yet as a share of total contracting dollars, the top 20 firms accounted for 46 percent in 2011 and 47 percent in 2006. In parallel, the top 5 firms saw total growth (in absolute terms) of some $500 million between 2006 ($2.7 billion) and 2011 ($3.2 billion), and their share of total contract dollars obligated decreased from 29 percent in 2006 to 24 percent in 2011. This 5 percent decrease was a result of more dollars obligated to the lower 15 firms (an increase from nearly $1.7 billion to $2.7 billion between 2006 and 2011). This decreased the top 5 firms' share of the top 20 from 62 percent in 2006 to 54 percent in 2011.

The change in the industrial base supporting DoS and USAID is further illustrated by the composition of firms between 2006 and 2011, during which 10 firms were replaced. The top 5 firms in 2011 were all present in the 2006 top 20. Dyncorp and Chemonics remained in the number 1 and 3 positions, respectively, in both years. However, Chemonics more than doubled its dollar value of contracts (from $320 million to $680 million), while total dollars obligated to Dyncorp declined by some 21 percent ($1,290 million to $930 million). In the number 2 position, Blackwater (with $530 million in 2006) was replaced in 2011 by BL Harbert International (with $720 million in 2011). Rising from $90 million in 2006, BL Harbert incurred the largest overall growth (700 percent) during this period. In the number 4 position, Tetra Tech was replaced by former number 17, Lockheed Martin, and dropped to the number 10 position in 2011; Lockheed Martin increased its total contract value more than fivefold between 2006 and 2011. The fifth largest DoS and USAID contractor in 2006, Battelle, did not appear in the 2011 top 20, and the number 5 position that year was held by Triple Canopy, which increased its total contract value to $410 million, more than three times its 2006 value of $120 million.

In terms of the types of companies making up the top 20 lists in 2006 and 2011, four broad categories emerge: private security contractors; international development consultants, defense contractors; and engineering and construction companies. Security service providers rose from three companies in 2006 to five in 2011; Dyncorp and Triple Canopy were present in both years, while Blackwater appeared only in 2006 and G4S and SOC were added to the list in 2011. Two international development companies were present in 2006 (Chemonics and Development Alternatives) and three in 2011 (with ABT Associates joining the two companies from 2006). The number of defense, security, and aerospace contractors increased their presence from one company in 2006 (Lockheed Martin) to three in 2011 (Lockheed Martin, United Technologies, and SAIC). Engineering and construction companies maintained a presence of two companies in both 2006 (BL Harbert and Grunley-Walsh) and 2011 (BL Harbert and the Walsh Group).

Table 6-1. Top 20 DoS and USAID Contractors, 2006 and 2011

	2006 Contractors	2006	2011 Contractors	2011
Rank	Top 20 Contractors in 2006	Obligations in 2010 Millions	Top 20 Contractors in 2011	Obligations in 2010 Millions
1	Dyncorp International	1,290	Dyncorp International	930
2	Blackwater Worldwide	530	BL Harbert International	720
3	Chemonics International	320	Chemonics International	680
4	Tetra Tech	280	Lockheed Martin	440
5	Battelle	260	Triple Canopy	410
Subtotal for Top 5		2,670		3,180
6	PAE	220	Development Alternatives Group	290
7	Development Alternatives Group	180	*Caddell Construction*	240
8	Berger Group	140	*John Snow*	220
9	Triple Canopy	120	Berger Group	200
10	Grunley-Walsh Joint Venture*	120	Tetra Tech	190
11	RTI	110	*Lakeshore*	180
12	PFSCM*	110	The Walsh Group	170
13	FHI 360	100	*Siemens*	170
14	American International Contractors	90	*Pernix-Ledcor-Serka Joint Venture**	170
15	Coffey International	90	*SAIC*	170
16	BL Harbert International	90	PFSCM*	150
17	Lockheed Martin	80	*ABT Associates*	150
18	ManTech International	70	*G4S*	150
19	International Resources Group	70	*United Technologies*	150
20	Stanley	70	*SOC*	140
Total for Top 20		4,310		5,930
Total for all industry		9,080		13,020

* Joint venture.

Note: Figures may not sum due to rounding; companies in *italics* in 2011 were not on the Top 20 list in 2006.

Source: Federal Procurement Data System; CSIS analysis.

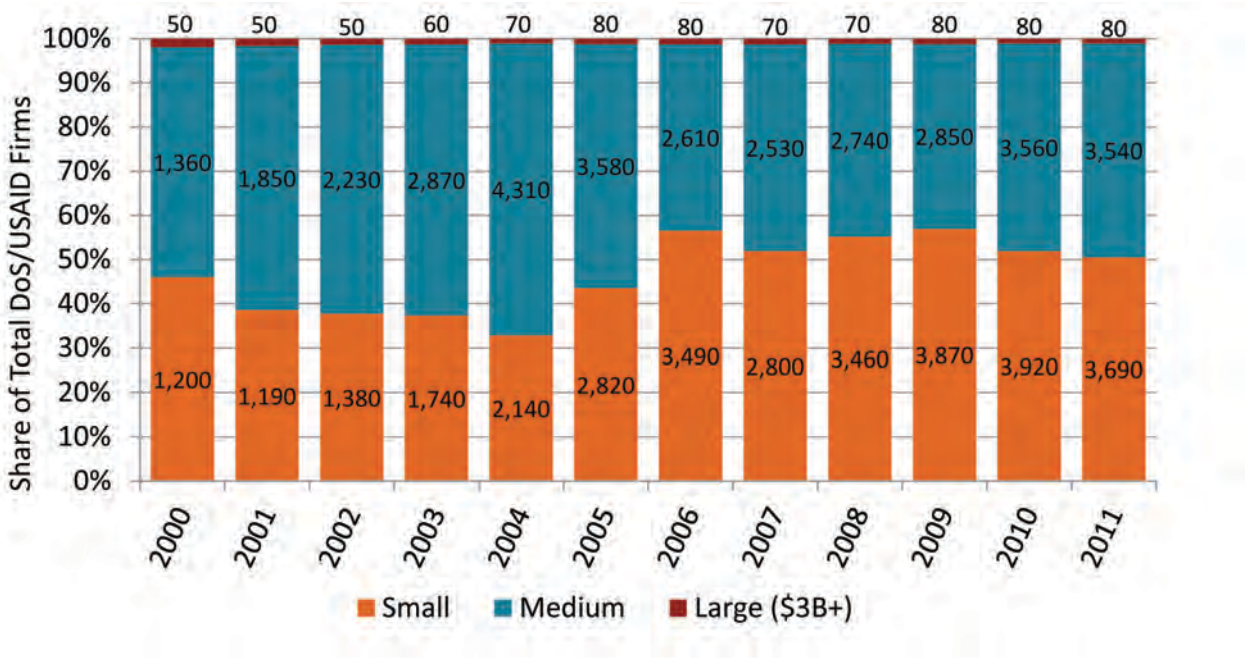
Number of Small, Medium, and Large Firms in the DoS and USAID Market—Figure 6-1

To analyze the breakdown of firms in the DoS and USAID market, this report assigned each contractor in FPDS to one of three size categories: small, medium, and large. Any organization designated as small by the FPDS database—according to the criteria established by the federal

government—was categorized as such unless the contractor was a known subsidiary of a larger entity. (Note that an organization may be identified as "small" for one set of contract actions but not for another, as it may meet the criteria in certain contract actions and not in others.) Companies with annual revenue of more than $3 billion are classified as large. This classification is made based on their revenue in 2011 or in the last prior year for which revenue data were available. A joint venture between two or more organizations is treated as a single separate entity, and those with a large parent company were also defined as large. Medium-sized companies were all companies not identified as small or large.

Measured by number of firms in the industrial base, the DoS and USAID contract market in the years 2000–2011 was dominated by small and medium-sized firms. Medium-sized companies outnumbered small ones in the first half of the period, while small companies were the majority in the second half of the period. Large firms accounted for less than 2 percent of the total number of firms in the DoS and USAID market.

Figure 6-1. Number of Small, Medium, and Large Firms in the DoS and USAID Market



Source: Federal Procurement Data System; CSIS analysis.

Share of Small, Medium, and Large Firms of the DoS and USAID Market—Figure 6-2

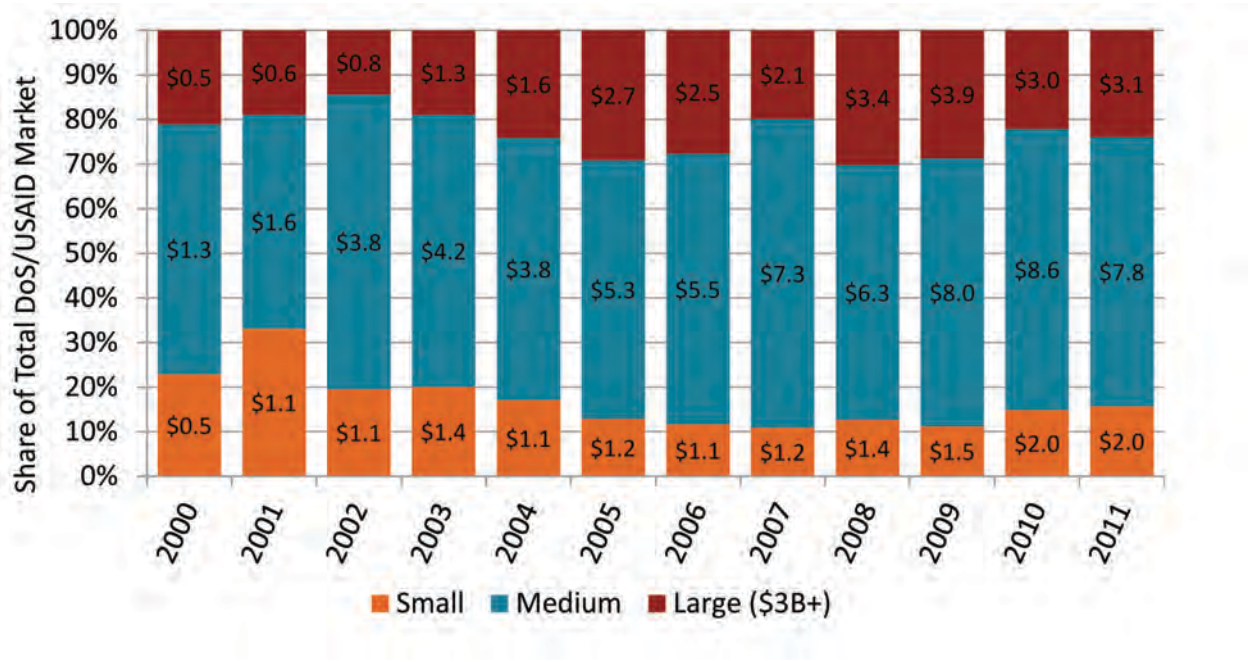
In the 2000–2011 timeframe, the majority of DoS and USAID dollars were awarded to medium-sized firms; a total of $63.6 billion in an 11-year period, compared to $15.6 billion for small firms and $25.5 billion for large ones. Year-over-year, dollars awarded to mid-sized firms increased from $1.3 billion in 2000 to $7.8 billion in 2011 (a 17.9 percent CAGR). As a share of

total DoS and USAID contract dollars, mid-sized firms claimed between 48 and 69 percent each year.

Despite accounting for the smallest number of contracting dollars in 2000–2003, large-sized firms surpassed small firms in both dollars and percentage share beginning in 2004, growing at an 18.5 percent CAGR from $500 million in 2000 to $3.1 billion in 2011. Given that there were only between 50 and 80 large companies in the industrial base supporting DoS and USAID during this period, claiming between 14 and 30 percent of total award dollars is illustrative of the growth these companies have experienced.

Small-sized companies experienced the lowest growth rates of the three size categories. More importantly, given that their share of the dollar value of the market decreased from 23 percent in 2000 to 16 percent in 2011, this indicates that with the exception of 2001, the government's small-business set-aside goals (of around 23 percent of prime contracts awarded annually) were not met in the DoS/USAID contracting market.

Figure 6-2. Share of Small, Medium, and Large Firms of the DoS and USAID Market



Source: Federal Procurement Data System; CSIS analysis.

7 Appendix

Table 7-1. International Assistance Programs

International Assistance Programs
International Assistance Program
Millennium Challenge Corporation
International Security Assistance
Multilateral Assistance
Agency for International Development
Overseas Private Investment Corporation
Trade and Development Agency
Peace Corps
Inter-American Foundation
African Development Foundation
International Monetary Programs
Military Sales Program
Special Assistance Initiatives
Foreign Assistance Program Allowances

Table 7-2. Breakdown of Economic Assistance Programs

Department of State
Global Health and Child Survival
Global HIV/AIDs Initiative
Narcotics Control
Andean Counterdrug Initiative
International Narcotics Control & Law Enforcement
Migration and Refugee Assistance
Migration and Refugee Assistance, State
United States Emergency Refugee and Migration Assistance Fund
Nonproliferation, Anti-Terrorism, Demining, and Related Programs
Other State Assistance
Democracy Fund
Educational and Cultural Exchange Programs
National Endowment for Democracy
Unconditional Gift Fund

USAID and Predecessor
Economic Support Fund
Development Assistance
Child Survival and Health
Other USAID Assistance
Assistance for Eastern Europe and the Baltic States
Assistance for Europe, Eurasia, and Central Asia (AEECA)
Assistance for the Independent States of the Former Soviet Union
Capital Investment Fund of the USAID - Recovery Act
Capital Investment Fund
Development Credit Authority
Foreign National Employees Separation Liability Fund
HIV/AIDS Working Capital Fund
International Disaster and Famine Assistance
Iraq Relief and Reconstruction Fund
Operating Expenses
Operating Expenses, Office of Inspector General
Payment to the Foreign Service Retirement and Disability Fund
Property Management Fund
Transition Initiatives, International Assistance Program
Working Capital Fund, International Assistance Program

Other Economic Assistance
Millennium Challenge Corporation
Peace Corps
Department of Defense Security Assistance
Defense Health Program
Drug Interdiction and Counter-Drug Activities
Former Soviet Union Threat Reduction
Iraq Relief and Reconstruction Fund
Operation and Maintenance, Defense-Wide
Operation and Maintenance, Navy
Operations and Maintenance, Army
Overseas Humanitarian, Disaster, and Civic Aid
Other Active Grant Programs
African Development Foundation
Compact of Free Association, Interior
Customs and Border Protection, Border and Transportation Security
Defense Nuclear Nonproliferation, Energy
Department of Justice
Department of Labor
Department of Transportation
Disease Control, Research and Training, CDC
Department of Energy
EPA, Environmental Programs and Management
EPA, Science and Technology
Federal Aviation Administration, Operations
Federal Trade Commission, Salaries and Expenses
General Departmental Management, HHS
Inter-American Foundation
Interagency Drug Enforcement, Drug Enforcement Administration
International Affairs Technical Assistance
International Trade Administration, Operations and Administration, Commerce
Multinational Species Conservation Fund, USFWS
National Institute of Allergy and Infectious Diseases, HHS
Neotropical Migratory Bird Conservation Fund, USFWS
North American Wetlands Conservation Fund, USFWS
Patent and Trademark Office, Salaries and Expenses
Public Health & Social Services Emergency Fund, HHS
Salaries and Expenses, ATF Bureau, Justice
Salaries and Expenses, Federal Bureau of Investigation
Salaries and Expenses, Food and Drug Administration
Salaries and Expenses, United States Marshals Service
Scientific & Technical Research & Services, NIST
Substance Abuse and Mental Health Services Administration, HHS
Trade and Development Agency

Department of Agriculture
Food Aid
Public Law 480 Program Account, Title I
Commodity Credit Corporation, Title II
Public Law 480 Title II Grants
Commodity Credit Corporation, Food for Progress
Public Law 480, Section 416(b)
McGovern-Dole International Food for Education and Child Nutrition Program
Other USDA Assistance
Food Safety and Inspection Service
Cooperative Research Education and Extension Service
National Forest System, Forest Service
Salaries and Expenses, Animal Plant Health Inspection Service
Salaries and Expenses, Foreign Agricultural Service

Sources: USAID Greenbook; Federal Procurement Data System; CSIS analysis.

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The Project on U.S. Leadership in Development is a partnership with Chevron Corporation focused on leveraging all U.S. assets—the private sector in particular—to promote economic development, improve livelihoods, and reduce poverty worldwide. The project seeks to renew the discourse in Washington and develop a fresh, actionable set of policy recommendations for 2012 and beyond. The project builds on the ongoing work of CSIS in global health, water, trade, food security, governance, and economic development in the areas of conflict and post conflict.

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The Defense-Industrial Initiatives Group (DIIG) focuses on issues related to the health and management of the global defense-industrial base. The group's research is organized around three major areas: top-down analyses concerning the overall health of the defense industry, bottom-up research on various industry sectors, and initiatives on particular policy topics related to the defense industry and globalization.

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ISBN 978-0-89206-739-X
90000
9 780892 067398