TENNESSEE

MILITARY SPENDING IN TENNESSEE

GENERAL

Tennessee is 37th in the country in Pentagon prime contract awards, receiving $1.24 billion in FY2014 (USASpending). It received $190 in Pentagon awards per capita in FY2014 and ranked 48th in per capita awards relative to other states. Comparatively, Tennessee received $1.23 billion in FY2013 (USASpending). With a GDP of $300.6 billion in FY2014, DoD contracts accounted for approximately .41% of Tennessee’s GDP (Bureau of Economic Analysis).

CONTRACTORS

Aerospace Testing Alliance (ATA) – This is a joint partnership of Jacobs Engineering Group, Pacific Architects & Engineering (PAE), and GP Strategies Corporation to provide maintenance and support services at the Air Force’s Arnold Engineering Development Center at Arnold Air Force Base. AEDC is the largest complex of flight simulation test facilities in the country, housing 27 facilities that are unique in the U.S. and 14 that are unique in the world.

BAE Systems Ordnance Systems Inc. – A subsidiary of BAE Systems, one of the largest multinational defense, aerospace, and security firms worldwide, BAE Systems Ordnance Systems is headquartered in Kingston, TN. It is the operating contractor for the Holston Army Ammunition Plant that is also located in Kingston, TN, a role it has held since 1999.

Federal Express Corporation (FedEx) – A global shipping and delivery services company, its United States headquarters are located in Memphis, TN. Additionally, the FedEx Express World Hub, serving 95% of the global economy, is located at the Memphis International Airport. While not primarily a defense contractor, the Pentagon does contract out to FedEx for transport services.

Kilgore Flares Company LLC – A subsidiary of Chemring Countermeasures USA, which in turn is a sub-unit of Chemring North America, it is a primary producer of various infrared (IR) decoy flares and ignition and illumination cartridges.

American Ordnance LLC – Manager and operator of the Milan Army Ammunition Plant, American Ordnance is a manufacturer of ammunition and explosive products for the US armed services. Production has been reduced in recent years, and American Ordnance has been reducing its presence at the Milan plant since 2012.

MILITARY BASES

1. Naval Support Activity Mid-South (7,500 military, civilian, and contract personnel) – This is the Navy’s Human Resources Center of Excellence, which is in charge of managing the manpower of the US Navy. It hosts a variety of other related units, such as Navy Personnel Command, Navy Recruiting Command, the Navy Manpower Analysis Center, and the US Army Corps of Engineers Finance Center.

2. Arnold Air Force Base (2,600 personnel) – Arnold Air Force Base is home to the Arnold Engineering and Development Complex, a facility dedicated to research, development, and evaluation of weapon, propulsion, aerodynamic, and space systems. The base’s facilities and installations make it one of the most advanced flight simulation test complexes in the world.
3. **Milan Army Ammunition Plant** (134 personnel) – An ammunition plant under the control of the Joint Munitions Command that is managed and operated by American Ordnance LLC (see above). Retains ammunition manufacturing capacity, but is no longer actively in service; it is currently undergoing a transition to a commercial distribution site.

4. **Holston Army Ammunition Plant** (18 Department of the Army civilians, 525 civilian employees) – An ammunition plant under the control of the Joint Munitions Command that is managed and operated by BAE Systems Ordnance Systems.

5. **McGhee-Tyson Air National Guard Base** (823 personnel) – Co-located with McGhee-Tyson Airport in Alcoa, Tennessee, McGhee-Tyson ANGB is home to the 134th Air Refueling Wing, which is equipped with KC-135E tankers. McGhee-Tyson ANGB is also home to an Army Aviation Support Facility, the 110th and 119th Tactical Control Squadrons, and the 228th Combat Communications Squadron.

6. **Memphis Air National Guard Base** (around 900 personnel) – Co-located with Memphis International Airport, Memphis ANGB is home to the 164th Airlift Wing equipped with C-17 Globemaster III heavy transport aircraft. It is estimated to pump in around $27 million in payroll dollars into the local economy annually.

7. **Tennessee State Guard Headquarters** (500 personnel employed state-wide) – Headquartered in the state capital of Nashville, the State Guard is the all-volunteer arm of the Tennessee Military Department and serves as a state militia similar in purpose to the Tennessee Army National Guard, with the caveat that it cannot be federalized.

NOTE: Tennessee is home to the extensive Oak Ridge National Laboratories site, which has a long history of work on America's nuclear weapons program and pursues a variety of research projects (some of which are related to national security), as well as other nuclear weapon facilities (such as the Y-12 National Security Complex). However, all of these facilities are funded by and under the control of the Department of Energy's National Nuclear Security Administration (NNSA).

NOTE: Fort Campbell, home to the 101st Air Assault Division, 160th Special Operations Aviation Regiment, and other units, straddles the Tennessee/Kentucky state line. A significant portion of Fort Campbell is in Tennessee, but it is officially denoted as being located in Kentucky for Post Office purposes.

**DETAILED STATE PROFILE**

**TENNESSEE DEFENSE CONTRACTORS**

1. **Aerospace Testing Alliance** - $260,270,386 in FY 2014

   - Located in Tullahoma, Tennessee, “Aerospace Testing Alliance (ATA), a joint venture of Jacobs, Pacific Architects & Engineering (PAE), and GP Strategies, provides operations, maintenance, information management and support services at the Air Force’s Arnold Engineering Development Complex, Arnold Air Force Base, TN. (AEDC)” ([ATA about us page](https://www.aerospace-testing-alliance.com/about-us))
     - ATA employs 1,875 people (as of FY 2014) at the AEDC who are tasked with supporting the ongoing research and development projects at the facility, one of the most advanced aerospace research facilities in the world. ([ATA about us page, AEDC Economic Impact fact sheet](https://www.aerospace-testing-alliance.com/infrastructure/economic-impact))
   - Some recent Pentagon contracts awarded to the Aerospace Testing Alliance include:
     - "Aerospace Testing Alliance, Tullahoma, Tennessee, has been awarded a $15,461,483 cost-plus-award-fee modification (P00349) to previously awarded
contract F40600-03-C-0001. Contractor will increase the workload for the operations, maintenance, information management and support of Arnold Engineering Development complex.” (Defense Department Contracts, 3/27/2015)

- "Aerospace Testing Alliance, Tullahoma, Tennessee, has been awarded a $45,686,693 cost-plus-award-fee modification (P00346) to previously awarded contract F40600-03-C-0001 for the Arnold Engineering Development complex. The contract will increase the workload for the operations, maintenance, information management and support of the complex. Work will be performed at Arnold Air Force Base, Tennessee, and is expected to be complete by Sep. 30, 2015. No funds are being obligated at the time of award. Air Force Test Center, Arnold Air Force Base, Tennessee, is the contracting activity.” (Defense Department Contracts, 1/14/2015)

- "Aerospace Testing Alliance, Tullahoma, Tennessee, has been awarded a $224,044,944 cost-plus-award-fee modification (P00334), exercising the fiscal 2015 award option to contract F40600-03-C-0001 to continue operations, maintenance, information management and support of Arnold Engineering Development Complex. Work will be performed at Arnold Air Force Base, Tennessee, and is expected to be completed by Sept. 30, 2015. This modification does not obligate funds at time of award. Air Force Test Center, Arnold Air Force Base, Tennessee, is the contracting activity.” (Defense Department Contracts, 8/26/2014)

2 – BAE Systems Ordnance Systems Inc. - $162,044,628 in FY 2014

- BAE Systems Ordnance Systems Inc. is a subsidiary of BAE Systems, which is one of the world’s largest defense contractors. BAE Systems employs around 88,000 employees worldwide and is the 10th largest contractor in the US as ranked by how much money they received in federal contracts (just under $5 billion in FY 2014). (Federal Procurement Data System, FY 2014 spreadsheet)
  - BAE Systems used to operate two manufacturing plants in the state, one in Jefferson City and the other in Grainger County. Originally opened in 2007, both had been closed down in early 2009 due to a lack of work, but a Defense Department contract in April of 2009 to BAE Systems to produce personnel protection equipment valued at $35.3 million led to both plants being reactivated. (Local 8 News archived article)
  - The Grainger County plant was closed down for good in February of 2010 after the initial contract was fulfilled and more contracts for protective gear did not materialize. It had employed 173 regular and temporary workers. (Knoxville News Sentinel, 2/6/2010)
  - The Jefferson City, TN plant lasted longer than the Grainger County facility, but ultimately also met the same fate. In 2010 approximately 200 workers were laid off due to contracts winding down and a sluggish economy. In 2011, preparations were underway to close the plant, with all but a small contingency staff of 57 people laid off by August of 2011. (Knoxville News Sentinel, 8/22/2011)
    - No other news articles about the Jefferson City plant have been released, but it is assumed to be closed because all mention of it has been removed from the BAE Systems website, and no contracts to it have been recorded since 2009.

- BAE Systems Ordnance Systems, located in the Holston Army Ammunition Plant in Kingsport, TN, is still in operation and at last count has 525 employees. (Northeast TN Economic Partnership)
• BAE Systems Ordnance Systems has been the operating contractor of the Holston Army Ammunition Plant since 1999, producing various munitions for the US Army including Research Development explosive (RDX) and High Melting Explosive (HMX) among others. One of the more recent developments at the site is that in 2013, BAE Systems Ordnance Systems completed a $27 million contract to construct a state-of-the-art chemical processing facility at the site. (Business Wire, 2/4/2013)

• Some recent Pentagon contracts awarded to BAE Systems Ordnance Systems include:
  o “BAE Systems Ordnance Systems Inc., Kingsport, Tennessee, was awarded a $9,653,246 modification (P00547) to contract DAAA09-98-E-0006 for a facility use contract requirement for installation of additional anoxic treatment capacity in Building 221, Phase 1. Fiscal 2014 (other) Army funds in the amount of $9,653,246 were obligated at the time of the award. Work will be performed in Kingsport, Tennessee, with an estimated completion date of May 31, 2017. Army Contracting Command, Rock Island Arsenal, Illinois, is the contracting activity.” (Defense Department Contracts, 9/2/2014)
  o “BAE Systems Ordnance Systems Inc., Kingsport, Tennessee, was awarded a $9,665,276 modification (P00545) to contract DAAA09-98-E-0006 to modernize infrastructure, Building G-4, Holston Army Ammunition Plant. Fiscal 2014 other procurement funds in the amount of $9,665,276 were obligated at the time of the award. Estimated completion date is Aug. 31, 2017. Work will be performed at the Holston Army Ammunition Plant, Kingsport, Tennessee. Army Contracting Command, Rock Island Arsenal, Illinois, is the contracting activity.” (Defense Department Contracts, 8/20/2014)

3 – Federal Express Corporation - $70,193,755 in FY 2014

• Federal Express, a global courier and cargo transport company headquartered in Memphis, TN, primarily deals with non-defense clients ranging from other corporations to individuals. However, it does do work for the Department of Defense. The company was involved in a scandal in which active anthrax samples were accidentally shipped to 10 different locations worldwide. (FedEx about us page, WMC Action News story)
  o FedEx Super Hub is located at Memphis International Airport and handles 99% of all cargo there. In FY2014, cargo operations at the airport, supported by FedEx, had an economic output of $22.1 billion. (Economic Assessment of Memphis International Airport)
  o Employs 28,000 people in Tennessee, mostly in Memphis. (Commercial Appeal story)

• Some recent Pentagon contracts awarded to Federal Express include:
  o Ten contracts will be modified to extend services under indefinite-delivery/indefinite-quantity contracts. The contracts provide for international airlift services. One of these contracts will go to FedEx Charters, Memphis, Tennessee. The total cumulative face value of the program is $114,851,105. (Defense Department Contracts, 5/16/2015)
  o Five companies were each awarded a three-year program ceiling program value, indefinite-delivery/indefinite-quantity, fixed-price with economic-price-adjustment contract for domestic and international segments of total delivery services. One of the five companies is, FedEx Corporate Services Inc., Memphis, Tennessee, maximum ceiling program value: $617,329,567 for international and domestic segments. (Defense Department Contracts, 8/28/2014)
4 – Kilgore Flares Co, LLC - $14,025,880 in FY 2014

- Located in Toone, TN, Kilgore Flares Co. LLC was founded in 2001 and is now “a world leader in the design, development and manufacture of advanced expendable countermeasures and countermeasure suites, and serves as the sole-source IR decoy flare supplier for some of the world’s most sophisticated and advanced airborne platforms.” It was acquired by Chemring Group PLC, a British multinational corporation, and is now a subsidiary of the Chemring North American Countermeasures group. (Kilgore Flares about us page)
  - Kilgore Flares employs 550 workers and has an estimated annual revenue of $66.8 million. (Find The Company profile of Kilgore Flares)
  - In addition to countermeasures, Kilgore also produces “marine location markers, ignition cartridges (such as primers used in 120mm tank ammunition), illuminating cartridges (such as the MK-4 used in aerial practice bombs), illuminating flares (such as the LUU-1/B) and a variety of grenades. Furthermore, Kilgore is the only US-based commercial producer of red phosphorus based defense products.” A full list of products is provided on Kilgore’s website. (Kilgore Flares about us page)
  - Some recent contracts awarded to Kilgore Flares include:
    - “Awarded a $19,809,054 modification (P00003) to contract W52P1J-15-C-0004 for 324,200 M206, 22,896 MJU-10, and 85,260 MJU-7A/B countermeasure flares. Work will be performed in Toone, Tennessee, with an estimated completion date of June 30, 2016.” (Military Industrial Complex, 5/28/2015)
    - “Awarded a $6,971,844 firm-fixed-price contract for MJU 53/B countermeasures flares. Work will be performed in Tennessee, with an estimated completion date of Jan. 17, 2016. This award is a result of a competitive acquisition, and two offers were received. This action is 1.4 percent foreign military sales for Canada.” (Military Industrial Complex, 12/31/2014)
    - “Awarded a $10,464,773 firm-fixed-price, foreign military sales contract (Singapore, India, Taiwan and Oman) with options to procure Infrared Countermeasures (IRCM) flares M206, MJU-7 and MJU-10. Work will be performed in Toone, Tennessee, with an estimated completion date of Sept. 30, 2018.” (Military Industrial Complex, 11/3/2014)

5 – American Ordnance LLC - $7,983,962 in FY 2014

- American Ordnance is an ammunition manufacturer that “strives to produce high quality, reliable ammunition that consistently meets rigid specifications and guidelines set forth by the U.S. Government and other customers.” (American Ordnance competencies webpage)
  - In addition to ammunition manufacture, American Ordnance “also engages in the renovation, maintenance, and demilitarization of specific ammunition and other energetic devices...[and] offers commercial services, including industrial X-ray, water testing, metrology lab, tool and die, machine shop, blocking and bracing, material storage, and environmental services; and commercial real estate development services.” (Bloomberg Business profile)
  - American Ordnance’s headquarters is in Pittsburgh, Kansas. Its two manufacturing facilities are the Milan Army Ammunition Plant in Milan, Tennessee, and the Iowa Army Ammunition Plant in Middletown, Iowa. (Bloomberg Business profile)
  - As of 2012, American Ordnance employed 650 workers at the Milan Army Ammunition Plant. However, layoffs of 400 full-time and 100 part-time employees were recently announced, as operations at the Milan plant were being scaled back.
and shifted to American Ordnance’s Iowa plant. The layoffs were anticipated to have a $30.1 million negative impact on Carroll and Gibson counties in Tennessee. (The Jackson Sun via the Downward Spiral blog)

- Some recent Pentagon contracts awarded to American Ordnance include:
  - “American Ordnance LLC, Milan, Tennessee, was awarded a $6,984,024 modification (0301) to contract W52P1J-09-G-0001 for material management, Milan Army Ammunition Plant, Milan, Tennessee, with an estimated completion date of Dec. 31, 2015. Fiscal 2015 operations and maintenance (Army) funds in the amount of $6,984,024 were obligated at the time of the award. Army Contracting Command, Rock Island Arsenal, Illinois, is the contracting activity.” (Defense Department Contracts, 5/29/2015)
  - “AMERICAN ORDNANCE LLC, Milan, Tenn., has been awarded a $7,547,742 cost-plus-fixed-fee contract for calendar year 2014 care, maintenance and surveillance of field service stocks and packaging, crating and handling of field service stocks at Milan Army Ammunition Plant. Funding is from fiscal year 2014 operations and maintenance Army appropriations. Work is to be performed at Milan, Tenn., with an estimated completion date of Dec. 31, 2014. One bid was solicited with one received. The U.S. Army Contracting Command – Rock Island Arsenal, Rock Island, Ill., is the contracting activity (W52P1J-09-G-0001).” (Defense Department Contracts, 2/14/2014)

**TENNESSEE MILITARY BASES**

1 - Naval Support Activity Mid-South – (7,500 military, civilian, and contract personnel)

- Located in Millington, TN, Naval Support Activity Mid-South serves as the Navy’s Human Resources Center of Excellence, housing Navy Personnel Command, Navy Recruiting Command, and the Navy Manpower Analysis Center. It also hosts a variety of other commands, including the US Army Corps of Engineers Finance Center (Naval Support Activity Mid-South welcome page)
  - Over 7,500 military, civilian, and contract personnel work on the base, resulting in an annual military payroll of $72.2 million and an annual civilian payroll of $61.8 million. The base also supports 40,000 retirees in a 100-mile radius. Overall, Naval Support Activity Mid-South has an estimated annual economic impact of $425.9 million and is one of the largest single businesses in Tennessee. (South Tipton Chamber of Commerce)

2 – Tennessee State Guard Headquarters – (approximately 500 personnel state-wide)

- Located in Nashville, TN, the headquarters of the Tennessee State Guard is in charge of organizing all State Guard operations.
- The Tennessee State Guard is the all-volunteer arm of the Tennessee Military Dept. It serves a similar purpose to the domestic role of the Tennessee Army National Guard, but unlike the National Guard it cannot be federalized. (Tennessee State Guard website)
  - Mission statement: “The purpose of the Tennessee State Guard is to provide a professional complement of personnel to support the State mission of the Tennessee National Guard, by assisting the Tennessee Army National Guard as a force multiplier, and at the direction of the Adjutant General, to assist civil authorities with disaster relief, humanitarian causes, ceremonial service,
religious and medical support for the well-being and safety of the citizenry of Tennessee.” (Tennessee State Guard website)

- Other facilities of the Tennessee State Guard are located throughout the state, with headquarters of component units located in Jackson, Knoxville, and Chattanooga. (Tennessee State Guard website)

3 – Arnold Air Force Base – (2,600 total employees 2015)

- Located in Tullahoma, TN, Arnold Air Force Base is home to the Arnold Engineering and Development Complex (AEDC), an Air Force Materiel Command test facility that is one of the most advanced and largest flight simulation test complexes in the world, operating many highly advanced aerodynamic and propulsion wind tunnels, rocket and turbine engine test cells, space environmental chambers, arc heaters, ballistic ranges and other specialized units. (AEDC fact sheet)
  - As of FY 2014, the AEDC employed 2,310 people directly: 54 uniformed military personnel, 291 Department of Defense civilians, 60 non-appropriated fund civilians, 30 other civilians, and 1,875 contractors and sub-contractors working for the Aerospace Testing Alliance (ATA) (see above). It is also estimated that another 1,640 secondary jobs were created in the local area as a direct result of the AEDC. (AEDC Economic Impact fact sheet)
  - The overall estimated economic impact of the AEDC in FY 2014 on the local area was $620.9 million. Payroll costs were $304.4 million, direct expenditures by base personnel amounted to $117 million, with a spin-off impact of around $198 million. Finally, retired military personnel in the area receive $102 million, which in turn creates a spin-off impact of an additional $150 million. (AEDC Economic Impact fact sheet)
  - The overall replacement value of the AEDC facilities is approximately $12.2 billion. (AEDC Economic Impact fact sheet)
- Some recent developments include:
  - 8/21/2015: The Rolls-Royce Trent 1000-TEN, or Thrust, Efficiency and New Technology, engine was recently tested for performance, operability and icing certification at the Aeropropulsion Systems Test Facility C-2 engine test cell at the Arnold Engineering Development Complex. (AEDC News article)
  - 6/11/2015: A joint venture of Bechtel, Sierra Lobo and GP Strategies has been awarded a potential eight-year, $1.5 billion contract to run a complex of flight simulation facilities at Arnold Air Force Base in Tennessee. The Bechtel-led consortium will operate AEDC ballistic ranges, wind tunnels, rocket and turbine engine test cells, space chambers, and specialized testing units. The contract has one base year, seven option years and a transition period that will start July 1. (Gov Con Wire)

4 – Milan Army Ammunition Plant (MLAAP) – (134 employees as of 2013)

- An ammunition plant of the United States Army near Milan, Tennessee and about 10 km north of Jackson, Tennessee, it is a Joint Munitions Command facility operated under contract by American Ordnance LLC (see company description above).
  - Capabilities of the center include loading, assembling, and packing ammunition, demilitarization/disposal of ordnance, development and product test support, and logistical support. (MLAAP installation overview page)
• 14 Department of the Army civilians and 1 uniformed soldier work at MLAAP, with a payroll budget of $1.8 million. All other workers at the plant are organized through contractors. ([MLAAP installation overview page](HSAAP info page, Business Wire, 2/4/2013))

• MLAAP is no longer actively producing ammunition and continues with its transition to a commercial distribution site through the Armament Retooling and Manufacturing Support (ARMS) program. ([MLAAP info page](HSAAP info page), [American Ordnance real estate page](HSAAP info page))

• Some recent developments include:
  o In 2013 dramatic layoffs struck MLAAP. Workers were notified about the layoffs in 2008. In March of 2013 650 workers were employed at the Plant, but by the end of 2013 only 134 people were employed at MLAAP. ([WBBJ Eyewitness News story](HSAAP info page))

5 – Holston Army Ammunition Plant (HSAAP) – (525 employees)

• The Holston Army Ammunition Plant, located in Kingsport, Tennessee, is a Joint Munitions Command ammunition and ordnance manufacturing facility with an associated chemical production facility and research and development branch operated under contract by BAE Systems Ordnance Systems. ([HSAAP info page](HSAAP info page), [Business Wire, 2/4/2013](HSAAP info page))
  o Capabilities of the plant include: “production and development of insensitive munitions explosives; synthesis and manufacture of high explosives; recrystallization and purification from organic solvents; melt-cast, cast-cured, pressed and extruded explosives formulation; explosives performance testing; full-spectrum explosives research and development capability; [and] custom and fine chemical manufacture for the defense industry.” ([HSAAP installation overview page](HSAAP info page))
  o Currently it is focused on manufacturing secondary detonating explosives, specifically Research Department Explosive (RDX), High Melting Explosive (HMX), Insensitive Munitions Explosive (IMX-101 and IMX-104), and Triamino Trinitrobenzene (TATB). ([HSAAP info page](HSAAP info page))

• The staff of the facility includes 18 Department of the Army civilians with a payroll budget of $1.8 million, and 525 BAE Systems Ordnance Systems employees. ([HSAAP installation overview page](HSAAP info page), [Northeast TN Economic Partnership](HSAAP info page))

6 – Memphis Air National Guard Base (around 900 personnel)

• Memphis Air National Guard Base is co-located with Memphis International Airport.
  o Memphis ANGB is home to the 16th Airlift Wing equipped with eight C-17 Globemaster III heavy transport aircraft. ([Local Memphis story](Local Memphis story))
  o It employs around 900 people and is estimated to pump in around $27 million in payroll dollars into the local economy annually. ([Local Memphis story](Local Memphis story))

7 – McGhee-Tyson Air National Guard Base (823 personnel)

• McGhee-Tyson Air National Guard Base is co-located with McGhee-Tyson Airport in Alcoa, Tennessee.
  o McGhee-Tyson ANGB is home to the 134th Air Refueling Wing, which is equipped with ten KC-135E tankers. McGhee-Tyson ANGB is also home to an Army Aviation Support Facility, the 110th and 119th Tactical Control Squadrons, and the 228th Combat Communications Squadron. ([Global Security info page](Global Security info page))
  o The base employs 823 full-time personnel to maintain day-to-day operations. ([Global Security info page](Global Security info page))