

PENTAGON SPENDING IN MICHIGAN

Arms and Security Project, Center for International Policy
March 2018

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SUMMARY: PENTAGON SPENDING IN MICHIGAN

GENERAL

Michigan ranked 24th ([USA Spending](#)) in the country in terms of Department of Defense (DoD) awards during FY2017, receiving \$3.09 billion¹. In FY2017 Michigan received approximately \$310 in per capita in DoD funding ([US Census Bureau](#)), for comparison Michigan received \$295 in per capita DoD in FY2015, which ranked 50th among the 50 states and DC ([Office of Economic Adjustment](#)). Comparatively, Michigan received \$2.91 billion in FY2016. As Michigan's GDP ([BEA](#)) was 490.2 billion in FY2016, the most recent year for which state GDP figures are available, DoD contracts accounted for approximately 0.6% of Michigan's GDP in 2016.

THE DEFENSE CORRIDOR

Although Michigan's contracting profile may at first appear middling, an estimated 500 ([DRC](#)) companies share ties to the defense industry, and Southeast Michigan is colloquially known as "the Defense Corridor" due to the involvement of local industries with the US DoD. "70% of everything a soldier shoots, drives, flies, wears, eats, or communicates with is contracted in Michigan," claims the Michigan Defense Center ([MDC](#)). Although the US Tank Automotive Research, Development and Engineering Center (TARDEC) and the US Army Tank Automotive Command (TACOM) in Warren are the largest contracting agencies in the state, the largest privately---owned defense companies are those such as BAE Systems Inc. in Sterling Heights (BAE produces Bradley armored vehicles), General Dynamics Land Systems in Sterling Heights and Troy (Abrams tanks and Stryker and Buffalo vehicles), Peckham Vocational in Lansing (military apparel), Avon Protection in Cadillac (gas masks) and L---3 Communications in Muskegon (vehicle systems). When combined with the U.S. Army Contracting Command in Warren, Michigan easily holds steady a position as a mainstay in the United States defense industry.

MILITARY BASES

1) Tank Automotive Research Development and Engineering Center / US Army Tank---Automotive and Armaments Command Life Cycle Management Command (Almost 6,000 personnel) – TARDEC and TACOM LCMC are both part of the US Army's Research, Development, and Engineering Command. Both partner with the private automotive industry to develop technologies for military use. Also, the Army Contracting Command---Warren (ACC---WRN) oversees over \$138 billion in contracting from the base in Warren.

2) Selfridge Air National Guard Base (almost 3,000 personnel) – Home to units from each branch of the Armed Forces, as well as Border Patrol and Customs units. Home wing is the 127th ANG Wing

3) Kellogg Air National Guard Base (2,000+ personnel) – Home to the 110th Airlift Wing, a unit of the Michigan Air National Guard. Primary mission is cargo and humanitarian transport

¹ Although the above number reflects primarily DoD contracts, according to USASpending.gov, the number may include DoD grants, loans and other financial assistance.

---END OF SUMMARY---

FIVE LARGEST PENTAGON CONTRACT RECIPIENTS IN MICHIGAN

1. **General Dynamics Corp². – \$1,753,445,194 ([USASpending](#), 2017)**
 - In total, General Dynamics Corp has been awarded \$22.4 billion in 15 years in MI District 10³. ([FY 2000---2015](#))
 - “In a presentation to council April 3, City Assessor Matt Schmidt described GDLS as “the defense industry’s largest supplier of **wheeled and track military vehicles**,” with more than **5,400 employees** in the United States, including about **2,200** in Sterling Heights alone.” ([C and G News](#), [4---16---12](#))
 - Locations: General Dynamics Advanced Information Systems and Technology facility in **Ypsilanti**, MI; General Dynamics Combat Systems facility in **Sterling Heights**, MI and in **Troy**, MI
 - “Our Combat Systems group is a global leader in systems engineering, spanning design, development, manufacture and support of tracked and wheeled military vehicles, weapons systems and munitions for the United States and its allies. [...] The portfolio of platforms in our U.S. military vehicles business includes the Stryker wheeled combat vehicle, the Abrams main battle tank and the Buffalo route clearance vehicle. [...] As the sole provider of Abrams tanks and Stryker and Buffalo vehicles, Combat Systems is the primary contractor for the maintenance, repair and reset of these vehicles.” (9) [GD Annual Report](#)
 - 200 Michigan companies work as subcontractors (Sen. Levin release, [7---12---11](#))
 - 2008 release: Net positive state revenue impact of GDLS: \$43.7 million (MI Eco. Dev., [2---19---08](#))
 - “Defense contractors with Southeast Michigan operations received more than \$1 billion worth of new contracts and orders this week for ground vehicles production, maintenance, conversion, maintenance and logistics over the next eight years.” - \$549.9 Million of which went to General Dynamics (Crain’s Detroit Business [3--25--2016](#))
 - *Selected contracts awarded recently:*
 - [February 16th, 2018](#)
 - General Dynamics Land Systems Inc., Sterling Heights, Michigan, has been awarded a \$148,964,414 modification (D00006) to contract W56HZV-16-D-0060 to provide parts supply support for the entire Stryker program. Work locations and funding will be determined with each order, with an estimated completion date of Feb. 28, 2019. U.S. Army Contracting Command, Warren, Michigan, is the contracting activity.
 - [January 25th, 2018](#)
 - General Dynamics Land Systems, Inc., Sterling Heights, Michigan, has been awarded an \$11,694,873 modification (P00017) to a three-year base contract (SPE7MX-16-D-

0100) with two one-year option periods adding vehicle spare parts. This is a firm-fixed-price, indefinite-quantity contract. Locations of performance are Michigan and South Carolina, with an Aug. 11, 2019, performance completion date. Using military service is Army. Type of appropriation is fiscal 2018 through fiscal 2019 defense working capital funds. The contracting activity is the Defense Logistics Agency Land and Maritime, Columbus, Ohio.

- [December 29th, 2017](#)
 - General Dynamics Land Systems, Sterling Heights, Michigan, was awarded a \$9,605,331 firm-fixed-price contract for 33 variants of Stryker deployment kits. Bids were solicited via the Internet with one received. Work will be performed in Sterling Heights, Michigan, with an estimated completion date of Jan. 31, 2019. Fiscal 2016 other procurement (Army) funds in the amount of \$9,605,331 were obligated at the time of the award. U.S. Army Contracting Command, Warren, Michigan, is the contracting activity (W56HZV-16-G-0003).

² Includes the appellations of GM/GDLS Defense Group Limited Liability Company and General Dynamics Land Systems Inc.

³ See Appendix 1 for a map of Michigan's Congressional Districts

2. **BAE Systems Land & Armaments, L.P./ BAE Systems PLC – \$182,758,378 ([USASpending, 2017](#))**
 - In total, BAE Systems Land & Armaments, L.P. has been awarded \$837.6 million⁴ in Michigan over the course of 15 years. ([FY 2000--2015](#))
 - Although the company itself is based in the state of Virginia, the Heavy Brigade Combat Team business unit is housed in **Sterling Heights, MI** ([Crain's Detroit Business, 09---26---12](#))
 - In 2015 **the US government sued a subsidiary of BAE Systems Inc. in a Detroit court, claiming the defense contractor overcharged more than \$40 million** on a truck production contract awarded in 2008 through the U.S. Army Tacom Life Cycle Management Command in Warren ([Crain's Detroit Business, 06--19--2015](#))

Selected contract awarded recently:

⁴ This number is the sum of a district-by-district analysis of BAE Contracts on fedspending.org for years 2000-2015: “Michigan 9: \$735,572,305; Michigan 12: \$50,419,987; Michigan 11: \$49,141,611 Michigan 8: \$2,243,075;; Michigan 6: \$77,499; Michigan 5: \$37,725; Michigan 10: \$20,869; Michigan 15: \$19,978; Michigan 7: \$12,536; Michigan 13: \$5,946; Michigan 1: \$2,460.” Please refer to Appendix A for a map of the districts.

- [February 08th, 2018](#)
 - BAE Systems Land & Armaments, Sterling Heights, Michigan, has been awarded a \$9,256,260 modification (P00038) to contract W56HZV-12-C-0358 for cost overrun funding for engineering change proposal 2 for Bradley fighting vehicle. Work will be performed in Sterling Heights, Michigan, with an estimated completion date of Sept. 14, 2018. Fiscal 2018 research, development, test and evaluation funds in the amount of \$9,256,260 were obligated at the time of the award. U.S. Army Contracting

Command, Warren, Michigan, is the contracting activity.

- [July 10th, 2017](#)
 - BAE Systems Land and Armaments LP, Sterling Heights, Michigan, was awarded a \$15,222,829 modification (P00034) to contract W56HZV-15-C-A001 to modify the Armored Multi-Purpose Vehicle platform integration design to accommodate evolving Army network hardware and software required to be integrated into the design. Work will be performed in Sterling Heights, Michigan, with an estimated completion date of Nov. 6, 2019. Fiscal 2017 research, development, test, and evaluation funds in the amount of \$4,302,301 were obligated at the time of the award. U.S. Army Contracting Command, Warren, Michigan, is the contracting activity.
- [March 03rd, 2017](#)
 - BAE Systems Land and Armaments LP, Sterling Heights, Michigan, was awarded a \$8,170,271 modification (P00024) to contract W56HZV-15-C-A001 for the armored multi-purpose vehicle prototype vehicle configuration retrofit. Work will be performed in Sterling Heights, Michigan, with an estimated completion date of Jan. 31, 2019. Fiscal 2016 research, development, test and evaluation funds in the amount of \$4,120,926 were obligated at the time of the award. U.S. Army Contracting Command, Warren, Michigan, is the contracting activity.

3. **Peckham Vocational Industries, Inc. – \$116,801,190 (USASpending, 2017)** ⁵

- In total, Peckham Vocational Industries, Inc has been awarded \$825.2 million ⁶ in 15 years. ([FY 2000--2015](#))
- Peckham Vocational Industries bills itself as “a nonprofit vocational rehabilitation organization, provides job training opportunities for persons with significant disabilities and other barriers to employment”.
- The company specializes in **military apparel**, “Our focus is supporting all branches of the military in the development of clothing systems, single item garments and tactical protective gear. If the warfighter wears it, we can make it,” ([peckham.org](#)).
- The company has come under fire for **paying disabled workers below minimum wage**. They have phased out the program in which they pay disabled workers less and employ about 1,800 disabled persons nationally. They are headquartered in Lansing, MI but have worksites in Grand Rapids, Charlotte, and Battle Creek, MI. Also facilities in Iowa and Arizona ([Lansing State Journal, 10--7--2017](#))

Selected contracts awarded recently:

- [November 22, 2017](#)
 - Peckham Vocational Services,** Lansing, Michigan, has been awarded a maximum \$11,815,335 firm-fixed-price contract for cold-weather undergarments. This was a mandatory acquisition with one response received. This is a one-year base contract with two one-year option periods. Location of performance is Michigan, with a Nov. 21, 2018, performance completion date. Using military services are Army and Air Force. Type of appropriation is fiscal 2018 through 2019 defense working capital funds. The contracting activity is the Defense Logistics Agency Troop Support, Philadelphia, Pennsylvania (SPE1C1-18-D-N029).

- [June 26th, 2017](#)
 - o Peckham Vocational Industries Inc., Lansing, Michigan, was awarded a \$22,326,909 fixed-price-with-price-redetermination, cost-no-fee contract for services to support the Organizational Clothing and Individual Equipment program. One bid was solicited and one bid received. Work will be performed in Lansing, Michigan, with an estimated completion date of June 30, 2018. Fiscal 2017 operations and maintenance (Army) funds in the amount of \$22,326,909 were obligated at the time of the award. U.S. Army Contracting Command, Warren, Michigan, is the contracting activity (W56HZV-17-C-0187).
- [February 24th, 2017](#)
 - o Peckham Vocational Industries,** Lansing, Michigan, has been awarded a maximum \$23,118,450 modification (P00004) to a one-year base contract (SPE1C1-16-D-N006) with one one-year option period for cold weather fleece jackets. This was awarded in accordance with mandatory procedures under the Ability One program. Locations of performance are Michigan and Florida, with a Feb. 28, 2018, performance completion date. Using military services are Army and Air Force. Type of appropriation is fiscal 2017 through 2018 defense working capital funds. The contracting activity is the Defense Logistics Agency Troop Support, Philadelphia, Pennsylvania.

⁵ Using the website that this links to enter “FY-2017” into the search field entitled “Fiscal Year”, enter “Michigan” enter the field entitled “State”, enter “Department of Defense” into the field entitled “Agency” then enter “L-3” into the field entitled “Recipient Name”, leave all other fields blank. This will show that the sections of this company with labels that begin with “L-3” were awarded \$80,168,738 in 2017. Repeat the search but put “L3” in the “Recipient Name” field. This will show that sections of this company with labels that begin with “L3” were awarded \$3,766,119 in 2017.

⁶This number is the sum of a district-by-district analysis of Peckham Vocational Industries, Inc. on fedspending.org for years 2000-2012: Michigan 8: \$784,058,774; Michigan 7: \$41,126,451; Michigan 4: \$14,427; Michigan 13: \$12,072 . The work in these districts is not necessarily contemporaneous.

4. **L--3 Communications Holdings Inc./L3 Aviation Products Inc./L3 Technologies Inc. – \$83,934,857 ([USASpending](#), 2017)**

- In total, L---3 Communications Holdings Inc. has been awarded \$495.2 million ⁷ in 15 years. ([FY 2000---2015](#))
- L---3 Communications and their Combat Propulsion Systems is located in Muskegon, Michigan, 45 miles west of Grand Rapids, and markets itself as “an industry leader in the **design, development, manufacture, assembly and test of military engines, transmissions, suspensions and turret drive systems**. The large group and facility gives Combat Propulsion Systems the unique ability to control the entire engineering to production release cycle assuring that a quality product is delivered to the customer on schedule” ([CPS](#)).
- Eotech, a subsidiary, is located in Ann Arbor, Michigan. The company focuses in personal weapons and related accessories. ([EOTech](#))
- L3 Aviation products is located in Grand Rapids, Michigan. This subsidiary specializes in Cockpit and Data Recorders, Standby Systems, General Aviation, Advanced Display

Systems, Surveillance Systems and Global Support Services for multiple markets (general/business aviation, commercial and military aircraft and helicopters). ([Aviation Products](#))

- **The state treasury has around \$4.53 million invested in L3**, through this is a slight decrease from it once was. ([The Lincolnian, 02--22--2018](#))

Selected contracts awarded recently:

- [January 31st, 2018](#)
 - o L3 Combat Propulsion Systems, Muskegon, Michigan, was awarded a \$55,995,796 modification (P00049) to contract W56HZV-15-C-0119 for 120 800HP transmissions (60 remanufactured transmissions and 60 new transmissions) and ancillary to support Paladin Integrated Management; and 100 800HP remanufactured transmissions and refurbished containers to support requirements for the Bradley Fighting Vehicle System. Work will be performed in Muskegon, Michigan, with an estimated completion date of Oct. 18, 2018. Fiscal 2018 other procurement (Army); and aircraft procurement (Army) funds in the amount of \$55,995,796 were obligated at the time of the award. U.S. Army Contracting Command, Warren, Michigan, is the contracting activity.
- [January 19th, 2017](#)
 - o L-3 Combat Propulsion Systems, Muskegon, Michigan, was awarded a \$33,102,024 modification (P00032) to contract W56HZV-15-C-0119 for 96 hydro-mechanically propelled transmission, operational reliability, 800-horsepower transmissions and required ancillary hardware. Work will be performed in Muskegon, Michigan, with an estimated completion date of Oct. 18, 2018. Fiscal 2017 other procurement, Army; and operations and maintenance, Army funds in the combined amount of \$33,102,024 were obligated at the time of the award. Army Contracting Command, Warren, Michigan, is the contracting activity.
- [May 26th, 2016](#)
 - o L-3 CPS, Muskegon, Michigan, was awarded a \$7,529,412 modification (P00018) to contract W56HZV-15-C-0119 for systems technical support for Bradley vehicle transmissions. Work will be performed in Muskegon, Michigan, with an estimated completion date of May 31, 2017. Fiscal 2015 and 2016 research, development, testing, and evaluation; and other procurement funds in the amount of \$7,529,412 were obligated at the time of the award. Army Contracting Command, Warren, Michigan, is the contracting activity.

⁷This number is the sum of a district-by-district analysis of L-3 Communications Holdings Inc. on [fedspending.org](#) for years 2000-2015: Michigan 2: \$395,027,455; Michigan 3: \$71,788,402; Michigan 15: \$21,108,782; Michigan 12: \$5,716,688; Michigan 7: \$1,089,095; Michigan 8: \$261,349; Michigan 1: \$253,183; Michigan 9: \$109,738; Michigan 4: \$53,855; Michigan 14: \$3,878; Michigan 11: \$3,416; Michigan 10: \$3,135. The work in these districts is not necessarily contemporaneous.

5. Avon Protection Systems⁸ - \$72,412,462 ([USASpending](#), 2017)

- In total, Avon Protection Systems has been awarded \$568.5 million in 15 years in Michigan. ([FY 2000---2015](#))⁹
- US Headquarters in Cadillac, Michigan; in March of 2014 Avon transferred operations in Georgia over to Michigan, “investing \$925,500 and creating 29 new

jobs." (michiganbusiness.org.03---12---14)

- In 2017 Avon announced plans to invest \$4.6 million in expanding its manufacturing plant. ([Cadillac News, 10--03--2017](#))
- [250 Employees](#)
- *Our Protection & Defence business consists of a growing range of respiratory products. The main products are **respirators or gas masks** (product names M50, C50, ST53, M53 and FM12) together with a range of spares and accessories; the CE--approved emergency hood (EH20) and NIOSH--approved emergency hood (NH15); and SCBA (primarily the Z7 and Deltair product ranges). We can also manufacture the consumable Filters used by these products and thermal--imaging camera equipment. The respirators and escape hoods offer breathing protection to varying degrees against CBRN threats while the SCBA equipment offers protection in oxygen depleted environments. We also have a Vlexible fabrications business which manufactures fuel and water storage tanks and hovercraft skirts.*

⁸Numbers cited for contractor parent company: Avon Rubber P.L.C.

⁹ This number is the sum of a district-by-district analysis of L-3 Communications Holdings Inc. on fedspending.org for years 2000-2015: Michigan 2: \$352,377,959; Michigan 4, \$216,120,031. The work in these districts is not necessarily contemporaneous.

Selected contracts awarded recently:

- [February 3rd, 2018](#)
 - Avon Protection Systems Inc. won a \$1,395,926 federal contract from the U.S. Army Contracting Command for safety and rescue equipment.
- [October 22nd, 2017](#)
 - Army Contracting Command (Department of the Army), ACC - WRN (W56HZV)(DTA), has awarded a \$5,902,023.99 federal contract on Oct. 19 for safety and rescue equipment to Avon Protection Systems Inc.
- [November 23rd, 2016](#)
 - Avon Protection Systems, Cadillac, Michigan, was awarded a \$13,700,000 Firm---Fixed--- price, indefinite---delivery/indefinite---quantity, multi---year contract for a sustainment contract for the M53 Joint Service General Purpose Mask. Funding and work location will be determined with each order, with an estimated completion date of Sept. 13, 2019. One bid was solicited, with one received. Army Contracting Command, Warren, Michigan, is the contracting activity (W56HZV---14---D---0132).

OTHER PERTINENT CONTRACTORS (FY - 2017)

- Loc Performance Products Inc: **\$67 million**
 - Builds combat Vehicles and vehicle components.
 - Headquartered in Plymouth, Michigan (11th Congressional District), also has offices in Lansing, Michigan (8th Congressional District)
 - Around [175](#) employees at headquarters, around 225 employees total.
- AAR Manufacturing: **\$29.1 million**

- o Builds transport containers and transportable shelters.
 - o Located in Cadillac, Michigan (4th Congressional District)
 - o Around [105](#) employees at this location.
- **Wolverine World Wide: \$33.1 million**
 - o Men's Footwear
 - o Headquartered in Rockford, Michigan (3rd Congressional District)
 - o Is currently facing a class action lawsuit over pollution of drinking water in the surrounding communities. ([Crain's Detroit Business, 02--28--2018](#))

Military Bases

1 – Warren – (5,792 total in 2014: 171 active duty, 27 reserve and 5,594 civilian)

- The **Tank Automotive Research Development and Engineering Center (TARDEC)** develops, integrates and sustains the right technology solutions for all manned and unmanned DOD ground systems and combat support systems to improve Current Force effectiveness and provide superior capabilities for the future force. ([TARDEC](#))
 - o For a list of technology focus areas, click [here](#)
- Part of the US Army Research, Development and Engineering Command.
 - o “The National Automotive Center (NAC) is responsible for advancing this emphasis on collaboration. This is accomplished by working with private industry to leverage commercial automotive technologies for military use.” ([TARDEC](#))
- Also shares facilities with the headquarters of **US Army TACOM** (Tank---automotive and Armaments Command) **Life Cycle Management Command** (LCMC)
 - o One of the Army's largest weapon systems research, development, and sustainment organizations. Mission: “Provide war fighters with lethality, survivability, mobility, and sustainment for battle field dominance, through effective and timely acquisition, logistics, and cutting---edge technology.” ([TACOM](#))
- Located alongside the TACOM Life Cycle Management Command is the **Army Contracting Command---Warren (ACC---WRN)**, “one of five major contracting centers under ACC.” As of last year, ACC---WRN employed 709 people, and had “executed more than 31,000 contract actions obligating \$5 billion in fiscal year 2014,” as well as managing “more than \$138 billion in active contracts.” ([ACC---WRN](#))
- 300,000 employees nationwide, annual sales of \$1 billion ([Cortera profile](#))

Community:

- Located in Warren, MI, population 134,056. It is the largest suburb of metropolitan Detroit and third---largest city in MI. The city is home to a variety of businesses, such as General Motors and Cadillac facilities and SRG Global.
- 60% of US automotive engineers located in Michigan.

2 – Battle Creek – (2,930 total in 2014: 21 active duty, 1,381 reserve and 1,381 civilian)

- Also known as the **Kellogg Air National Guard Base**
- Home to the 110th Airlift Wing, a unit of the Michigan Air National Guard operationally gained by the US Air Force Air Mobility Command
 - o C---21 Gap Mission: “to carry cargo and passengers in support of a variety of state

and federal missions” – ex. DV transport, communications security, inspector general support, and Red Cross missions; training

- Cyber Defense Mission: “empowers 5 Communications Flights and 1 Combat Communications Squadron to provide cyber defense, Guard Global Information Grid Net Assurance (GNA) coverage across all FEMA region”
 - C---27J missions include maritime patrol, tactical operations, medical evacuation, ground refueling, firefighting and aerial spraying.
- Economic impact
 - \$22 million in wages, \$26 million in GRP to county ([Congressional Record](#))
 - AF considered cutting 122 jobs in Mar. 2012; 2200 jobs currently ([Michigan Radio](#))

Community:

- Located in Battle Creek, MI, the 3rd largest city in MI and world headquarters of Kellogg Co. Population: 52,000

3 – Selfridge AGB – (2,930 total in 2014: 52 active duty 1,497 reserve and 1,381 civilian)

- The Selfridge Air National Guard Base is a joint [DoD](#) and DHS installation and home to the 127th Wing, Michigan Air National Guard.
 - “Our mission is to provide trained, equipped and motivated tanker, Tigher and support resources for the community, state and nation. The 127th Wing supports three separate Major Commands (Air Combat Command, Air Mobility Command, Air Force Special Operations Command).”
- “The 127th Wing is also host to more than 40 tenant units at Selfridge, which represent every branch of the U.S. Armed Forces: Army, Navy, Air Force, Marine Corps and Coast Guard.
- The U.S. Border Patrol and the U.S. Customs and Border Protection agencies have a significant presence at Selfridge. “
- Primary aircraft: A---10 Thunderbolt II and KC---135 Stratotanker (Michigan Air National Guard); CH---47 Chinook helicopter (Michigan Army National Guard); HH---65 Dolphin helicopter (U.S. Coast Guard); and a variety of light helicopters and Fixed wing aircraft (Customs & Border Protection.

Community:

- Located in Harrison Township, MI, 20 miles NE of Detroit. Selfridge/127th Wing [website](#)