Defense Spending Means 56,000 IN Jobs

CRANE, Ind. (AP) — A new report says federal military and security spending resulted in $4.4 billion in contracts for Indiana companies last year, although analysts expect sites across the state will face more competition with anticipated Defense Department budget cuts.

The report by Indiana University's Indiana Business Research Center credits defense contract spending and the state's military bases — including Crane Naval Surface Warfare Center, Camp Atterbury and Muscatatuck Urban Training Complex — with supporting about 56,000 jobs.

The state has particularly benefited from defense spending because many of those jobs are in high-technology, high-paying industries, said Tim Slaper, the research center's director of economic analysis.

Slaper said it was clear that the 3,000-worker Crane center southwest of Bloomington has become a major economic mover.

"Crane is no longer a backwater," he said. "It's becoming more and more prominent a jewel in Indiana's crown."

The new commander at Crane, Marine Col. Alan Pratt, told The Herald-Times (http://bit.ly/pdHLWu) the base is poised to continue its role supplying technology and engineering support for all military branches, despite looming defense spending cuts.

"Historically, when the military budget is trimmed, warfare work goes up because it is less expensive and more accountable, a best value," Pratt said.

The Indiana University report released Thursday said the state's defense contract revenue has gone up from $1.8 billion in 2001 and peaked at $7.8 billion in 2008.

Indiana's largest defense contractors in 2010 were South Bend-based AM General at $1.1 billion, Rolls-Royce Group at $733 million and Raytheon at $665 million. Rolls-Royce has a factory in Indianapolis, while Raytheon has major operations in Fort Wayne.

AM General announced last week that it would lay off about 350 workers nationwide because of declining demand for the Humvees it builds. The company's new production of Humvees for the U.S. Army ended in December 2010, but it is still doing other work for the Army and making the vehicles for foreign countries and for Afghan troops under contracts with the U.S. Department of Defense.

Slaper cautioned that not only are the wars that have fueled much military

spending winding down, the Defense Department also is embarking on a serious "retrenchment," that will almost certainly reduce overall spending.

"It's going to be an increasingly competitive market in the future as defense retrenches," Slaper said. "It may require some energy ... it may require some changing gears there."

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