



\$424M in defense work keeps Franklin, Fulton counties afloat in a bad economy

By Jim Hook Senior writer

Franklin and Fulton counties are among the top five counties in Pennsylvania when it comes to supplying the nation's military.

The Department of Defense in fiscal year 2008 spent \$321 million in Franklin County and \$103 million in Fulton County. It's a tiny portion of the \$13.5 billion the military spent on procurement in Pennsylvania and \$345 billion across the U.S., but it's a big part of a local economy in troubled times.

"As severe as the recession has been on our economy, it has been dramatically lessened because of defense spending at Letterkenny Army Depot," said L. Michael Ross, president of the Franklin County Area Development Corp.

Letterkenny shops near Chambersburg produce large versions of Mine Resistant Ambush Protected vehicles in partnership with BAE Systems. JLG Industries in McConnellsburg produces smaller MRAP versions. JLG and Grove Manitowoc in Shady Grove manufacture lifting machines for the military.

When Oshkosh Corp., JLG's parent company,

landed the MRAP contract, the first thing JLG did was to call back 700 workers, Ross said.

Fulton County ranks second in military procurement per person (\$6,886) in Pennsylvania. Franklin ranks fifth (\$2,233). The average for the state is \$1,086. Among rural counties, Fulton and Franklin rank No. 1 and No. 3 respectively.

Franklin and Fulton counties were among the six rural counties that account for 73 percent of Defense contracts. The other top rural counties were Cambria, Centre, Clarion and Monroe.

The Center for Rural Pennsylvania analyzed data from the Consolidated Federal Funds Report and the U.S. Census Bureau.

York County, an urban county, is at the top of the list when comes to both total Defense procurement (\$4.8 billion) and per person procurement (\$11,372). BAE Systems is based in York.

The Rural Center also found that, as a rule, the military spent more in the state's 19 urban counties (\$1,311 per person) than its 48 rural counties (\$494 per person).

"We have a tendency to overlook defense spending in Pennsylvania," Ross said. "It's a mistake to do so."

While defense procurement may impact local wages, changes in wages, unemployment rates and changes in the number of businesses, the

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effect is diluted across the state, according to the Rural Center. Military contracts have some impact on wages nationwide.

Southern states, such as Texas, Alabama and Georgia, recognize the importance of the military sector in their economies and have a tendency to pursue defense-related opportunities, Ross said.

The Pennsylvania state budget in recent years has drastically cut business development for its military installations.

Ross said this year the second day of the Letterkenny Opportunity Showcase will focus on how to do business with Letterkenny and other defense installations.

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